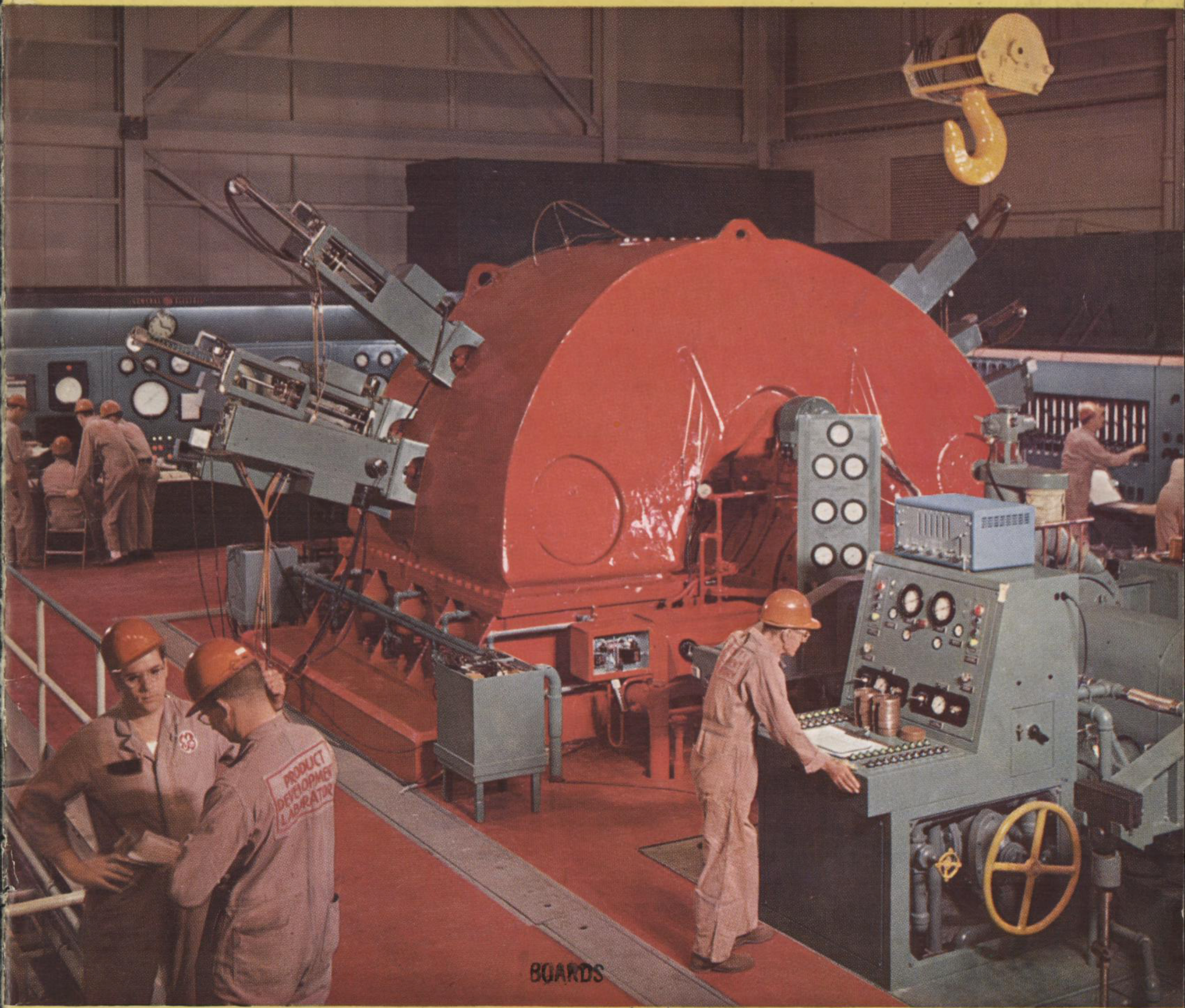
CLEVELAND PUBLIC LIB
BUSINESS INF. BUR
[redacted]

1955 ANNUAL REPORT



BOARDS

NEW PRODUCTS FROM RESEARCH AND DEVELOPMENT are an important key to General Electric's growth. In 1955 the Company continued to invest heavily in new laboratory facilities. Above: new Turbine Development Laboratory, Schenectady, N. Y. At top: new electronics laboratory at Palo Alto, Calif., specializing in microwave developments.

q334.271
G286r

GENERAL ELECTRIC

CONTENTS

Page

The President Comments . . 1

Progress Reports on:

Relations with employees 2
Company organization 4
Company facilities 6

Outstanding Developments of 1955 in:

Electric-power apparatus 8
Atomic energy 8
Industry and transportation . . .10
Industrial electronics 12
Defense products 14
Products for the home 15

New Projects in Research and Development 18

1955 Financial Review:

Sales and earnings 20
Employee earnings 21
Inventories 22
Working capital 23
Dividends 23
Investments 24
Plant and equipment 24
Consolidated financial statements .26
Auditor's report 29
15-year summary 30

Broadening Understanding of Company Progress . . .32

Directors and Officers . . .33

In this Report, the terms "General Electric" and "Company" relate to the consolidated group of companies as listed in Note 1 on page 28. The terms "Share Owners," "Common Stock," "Directors" and "Officers" generally apply only to the Parent Company. Wherever other companies, or other groups of companies, are mentioned they are specifically identified.

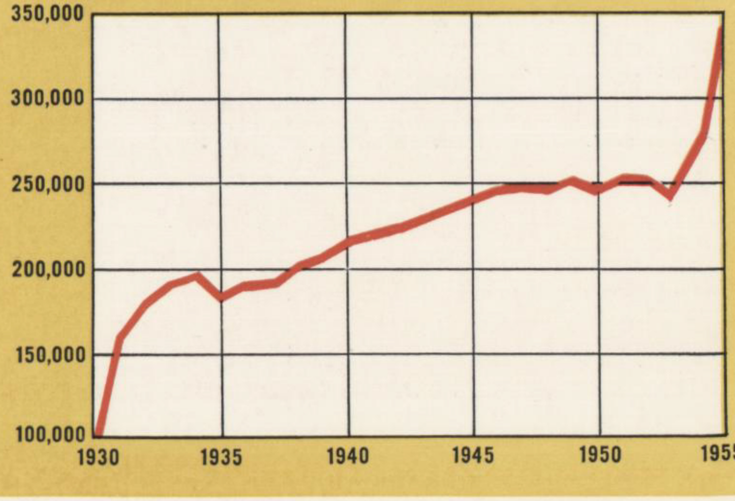
FINANCIAL HIGHLIGHTS OF 1955

IN MILLIONS	1955	1954	1953
Sales	$3,095.4	$2,959.0	$3,128.1
Federal taxes on income (includes renegotiation) . . .	168.0	191.7	308.5
Net earnings	200.9	198.9	165.7
Dividends declared	145.9	131.4	121.6
Expenditures for new plant and equipment	152.8	158.8	141.0
Depreciation of plant and equipment	91.0	79.5	67.3

PER SHARE

IN DOLLARS			
Federal taxes on income (includes renegotiation) . . .	$1.94	$2.21	$3.56
Net earnings	2.32	2.30	1.92
Dividends declared	1.70	1.53⅓	1.41⅔
Dividends paid	1.60	1.46⅔	1.33⅓

THE NUMBER OF GENERAL ELECTRIC SHARE OWNERS 1930–1955



THE PRESIDENT COMMENTS:

"...we have in place the organization and facilities for the upsurge in business which we confidently expect in the period ahead."

THE years just ahead will offer extraordinary opportunities for service, with accompanying growth in sales and earnings for General Electric. In this Annual Report you will see how a new organization, new relationships with our employees, new products and new facilities have been developed in preparation for a period of planned expansion and profit.

A sound new organization

As a result of planning begun ten years ago, the Company's structure has been changed from a highly centralized organization to as broad a degree of decentralization as can be found in industry. This sound new organization has been designed to enable the Company to realize the full market potential in each of its diversified product lines.

As described on page four, the engineering, manufacturing, marketing, finance, and employee and community relations essential to the Company's product operations are the responsibility of nearly a hundred product departments. Each of these departments has full operating authority in its field, and is able to make the kind of quick, informed decisions which are aimed at keeping the Company fully competitive in fast-moving market situations. Executive and Services management at the over-all Company level is freed from day-to-day operating responsibility and is thus able to devote the necessary attention to long-range planning and policy guidance.

Five-year program for employees

One of the most important developments of 1955 was the working out of a five-year employee pay and benefits program. This "better-living" program, described on pages two and three, provides in advance for an assured return for the part employees will contribute to the Company's anticipated progress.

Emphasis on new products

New and improved products are the key to General Electric's growth. In the past (to a greater degree than almost any other company in America) General Electric has introduced new products which developed into large-scale, highly competitive industries providing work for thousands.

To achieve continuing product leadership, the Company has invested heavily in product development laboratories. As additions to the Company's basic scientific research, these laboratories accelerate the pace of progress in bringing new or improved products to market at a profit within competitive price limits.

The Company's electronics business provides an excellent example of the Company's prospects for continuing growth. The market for industrial electronic equipment will probably double in the next four or five years, and General Electric has regrouped its organization to provide extra concentration on this growing field.

New facilities now in place

In the ten years since World War II, General Electric has invested more than $1,100,000,000 in expansion and modernization to provide new products and improved values. Almost all of its facilities are now either new or modernized.

Thus, at the end of 1955 the Company's facilities in the United States included 138 highly productive

The President comments (continued)

plants in 107 cities in 28 states. These facilities, strategically located and incorporating the latest advances in manufacturing technique, should enable us to provide both the quality and the quantity of products and services required by our expanding markets.

All this does not mean that our investment in modernized plants and expansion will fall off. On the contrary, it will be a new record high of $175,000,000 in 1956, and total expenditures for the next three years will be approximately half-a-billion dollars. This compares with $453,000,000 in the past three years.

Increased sales and earnings expected

The Company's commercial sales have been moving sharply upward in the past two years, although this has not been apparent because of a corresponding—and expected—decline in defense business. As a result, total sales have been at or near the three-billion-dollar level for three years.

Defense business has now leveled off to a point where it seems likely to provide about 20 per cent of total sales for the next few years. Based on sales of new products, and the forecast level of customer demand for present products, we expect the upward trend in commercial sales to continue. Thus, given a continued high level for the nation's economy, the Company expects to enjoy increases in both sales and earnings during 1956 and 1957.

With the new organization in place, with the improved opportunity for co-operative employee relations, with accelerated emphasis upon product leadership and with our new and modernized facilities, General Electric is prepared for a still more productive role in the service of an expanding America.

Respectfully submitted for the Board of Directors.

Ralph J. Cordiner
PRESIDENT

The Company's 1955
assures

A FIVE-YEAR "better-living" program, with improved features in the whole area of employee compensation and benefits, was developed in the summer of 1955. Thus, the Company's plans for attracting, retaining and rewarding employees of high calibre at all levels of the organization received a major advance.

The reception accorded the program by employees and the related five-year contracts signed with most of the unions representing employees give General Electric an improved opportunity for working effectively toward its long-range goals in the interest of all concerned. The program should benefit customers, share owners, suppliers and the public, as well as bring obvious benefits to employees.

The program includes more than 30 improvements for participating employees.

A general pay increase of three per cent per year for the first three years of the program and a higher increase of about 3½ per cent in the remaining two years are protected by a cost-of-living escalator clause. Thus employees will continue their advancement in pay, which has increased faster than the cost-of-living since 1946.

Medical insurance broadened

In the field of medical expense insurance, General Electric again pioneered by making available to employees a new comprehensive insurance plan which covers a large share of the expenses of sicknesses or accidents including those of a "catastrophic" nature. Employees contribute to the cost of the plan. The employee also pays the small first part ($25 to $50) of his medical expenses. Thereafter the plan pays in whole or in large part for expenses during the rest of the year—up to a maximum benefit of $7,500 ($15,000 lifetime). By additional contributions employees can extend the health coverage to their dependents. The plan includes life insurance of double the employee's normal annual earnings. For accidental death, total payment is three times annual earnings. There are also weekly disability benefits of up to $85 a week.

The pension plan, which was initiated in 1912, was again liberalized in 1955 to provide new minimums independent of Social Security, better vesting privi-

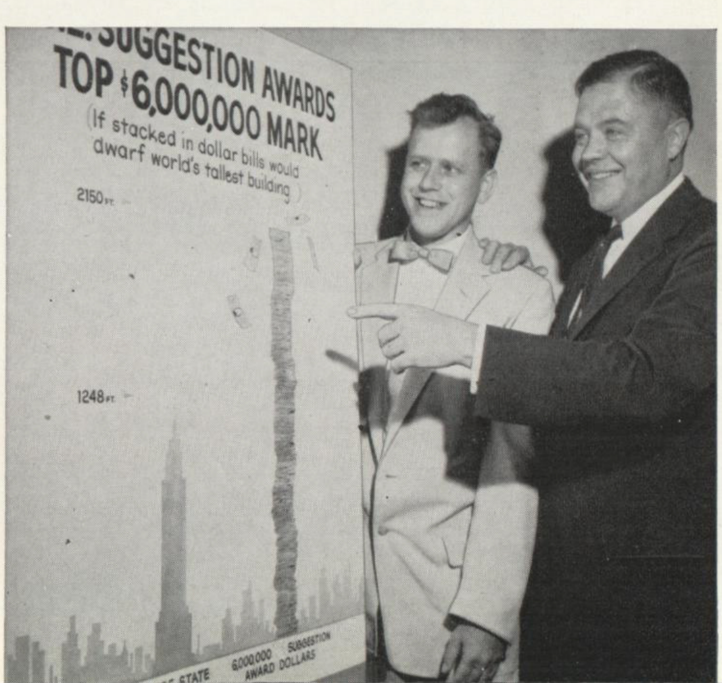
program for employees

them of five years of progress

MORE THAN 30 IMPROVEMENTS in compensation and benefits are included in new five-year program for employees. One major feature is a new medical insurance plan which helps employees meet costs of sicknesses including those of a "catastrophic" nature.

leges and lower costs to employees. On December 31, 1955, 197,000 employees (95% of those eligible) were contributing participants in the plan.

The spirit with which the "better-living" program was developed with employees and their representatives is an example of employee-Company relations of which both may be justly proud.


SUGGESTION AWARDS
TOP $6,000,000 MARK
(If stacked in dollar bills would dwarf world's tallest building)
2150 FT.
1248 FT.
STATE
6,000,000 SUGGESTION AWARD DOLLARS

FOR EMPLOYEE SUGGESTIONS that improve the Company's products and operations, General Electric has paid more than $6 million since formalization of its Suggestion Plan in 1922. In 1955, 31,000 awards, totaling $681,500, were paid for adopted ideas. Frederick Olney, left, of Utica, N. Y., whose idea pushed the total over the mark, is congratulated by E. S. Willis of Employee Benefits Service.

A sound, new decentralized organization to facilitate Company growth

As discussed in the President's comments, General Electric's organization has been changed from a centralized structure to as broad a decentralization of responsibility and authority as can be found in industry.

Today, General Electric's products are engineered, manufactured and marketed by nearly a hundred decentralized Operating Departments, each of them bearing full operating authority and responsibility for the Company's success in a particular product field. The special skills and knowledge required for each product are thus brought to bear by a local business management team which can concentrate on the opportunities of a specific product or marketing area.

Supplementing these Operating Departments is a headquarters Services organization, staffed with the Company's most experienced personnel in the major business functions: accounting, engineering, legal, management consultation, manufacturing, marketing, public and employee relations, treasury, and research. These experts are free from Operating responsibility so that they can think ahead, developing the most advanced knowledge, principles and techniques in their field and advising the Operating Departments regarding the results of their research. Serving also as consultants, the Services help to assure that the Company keeps abreast of knowledge in every business function.

Long-range planning and guidance for the Company as a whole are provided by the unique organizational device known as the Executive Office. It consists of the President, Chairman of the Board, five Group Executives each of whom is responsible for a specific area of the Company's Operating businesses, and nine Services Officers who have responsibility for advanced knowledge in specific functional work. Thus there is a melding of extensive business judgment and advanced functional knowledge to plan the Company's management, growth and course ten and more years ahead. By this means, the necessary guidance to assure that the common objectives of the Company as a whole are effectively pursued is provided for Operating General Managers, who are then personally responsible for long-range planning in their own Operating Components, within the framework of the over-all common interests and policies of the Company.

Emphasis on self-development

General Electric's growth and decentralization further increase the opportunities for all employees. The Company's approach to the development of its people is that of providing the best climate and aids for each individual to develop to his maximum potential. In 1955, for example, the Company offered more than a thousand courses in factory skills.

General Electric recognizes that its progress is built on the accomplishments of its individual contributors as well as of its managers. The Company therefore continued in 1955 to emphasize its established programs for developing professional and other specialists of outstanding competence. A new development was the initiation of a broader program of aid in obtaining master's or doctor's degrees.

Improved Professional Business Management courses were established to offer study in the work of managing. Also, at the Company's Management Research and Development Institute a new advanced Management Course is providing study in concepts of professional management for approximately 300 Company people each year. It is expected that about 8,000 employees yearly will study management locally in addition to those at the Institute. Thus opportunities for Manager Development will be made available to all employees who are qualified and interested.

OPERATING TEAM at the Company's new General Purpose Control plant at Bloomington, Ill., is one of nearly a hundred such management teams organized under the Company's decentralization program. With the Department's General Manager W. F. Oswalt (center) are, left to right: F. C. Fisher, Manager—Manufacturing; R. J. Rodwell, Manager—Finance; J. H. Gauss, Manager—Marketing; R. C. Ehrman, Manager—Employee and Plant Community Relations; and J. W. Cooke, Manager—Engineering.

SERVICES ORGANIZATION at General Electric provides advanced knowledge about the major business functions. As an example, a representative of Manufacturing Services—W. B. Roulstone, Jr. (right)—contributes an over-all Company perspective on manufacturing to discussion of plant layout of new General Purpose Control Department plant at Bloomington, Ill. At left—the plant's Manager of Manufacturing; center—the General Manager.

General Electric in the last 10 years has been basically rebuilt

GENERAL ELECTRIC customers are expected to require double the present volume of products during the next eight to ten years. The Company is preparing for this expected increase by continuing the most vigorous expansion program in its history.

Since 1945 the Company's investment in the modernization and expansion of its laboratories, plant and equipment has totaled $1.1 billion. The table at right shows the plants which the Company added in this decade at new locations. At existing plant locations, major additions have been made, such as the world's largest turbine factory added to the Schenectady, N. Y. plant. Also, existing facilities have been substantially renovated and re-equipped. General Electric's investment in the expansion of its facilities in the postwar years has been approximately twice as great as the investment made between the incorporation of the Company in 1892 and the end of World War II.

In 1955, the expenditures for plant and equipment were maintained at the high level of $152.8 million.

As the result of this high rate of investment, which the Company expects to maintain, General Electric faces the future with its facilities essentially rebuilt, well-located in relation to resources and markets, and incorporating modern manufacturing methods.

MODERNIZATION OF EQUIPMENT has been the goal in the Company's postwar development of existing facilities. Expenditure for equipment in the last ten years has been approximately 67% of all expenditures for facilities, while investment in land and buildings has been 33%. New motor production line shown here was installed in existing facility at Fort Wayne, Ind.

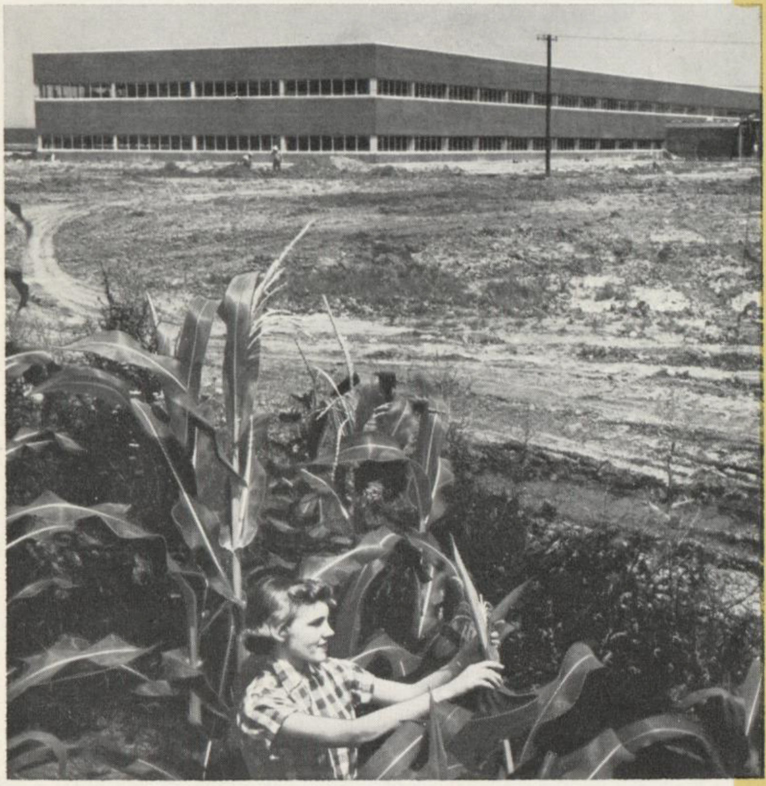
Expansion of production facilities at General Electric, essential to keep the Company fully competitive, has required long-range planning:

1. At some of the older and larger plant locations, such as Schenectady, N. Y., Lynn and Pittsfield, Mass., Bridgeport, Conn., Erie, Pa., and Fort Wayne, Ind., rearrangement as well as improvement has been necessary. At the end of World War II each of these plants made a wide variety of unrelated products. There was little or no room for expansion. Today, in these large plants, facilities and responsibility for products which are alike from an engineering and manufacturing standpoint have been grouped together.

2. Some product lines were moved from former large works to new locations, to give the necessary "elbow room" for improvement and growth. In communities where General Electric is the largest employer, this transfer of product responsibility has been accomplished while maintaining employment at or above prewar levels.

3. Choice of new plant sites has taken into account the need for geographical diversity and locations near markets and sources of raw materials.

4. Scattered manufacturing facilities for similar products have been brought together in unified modern plants. For example, the Company's Appliance Park at Louisville, Ky., will, when completed, bring together production of products once handled in seven different plants.



EXPANSION OF FACILITIES at General Electric in the postwar decade is symbolized by the new Industrial Heating Department plant rising from a cornfield at Shelbyville, Ind. The plant combines in one modern productive facility the manufacture of heating equipment which was formerly carried on at Schenectady, N. Y., and Pittsfield, Mass.

PLANTS ADDED by General Electric in the U.S. during the postwar decade are listed below. At the end of 1955 the Company had 65.5 million square feet of modern manufacturing floor space at 138 plants located in 107 cities in 28 states.

1946 ANAHEIM, CALIF. • Glyptal alkyd resins
1946 COSHOCTON, OHIO • Laminated plastics
1946 DANVILLE, ILL. • Fluorescent lamp ballasts
1946 DE KALB, ILL. • Appliance motors
1946 GOLDSBORO, N. C. • Lamp lead wire
1946 MILWAUKEE, WIS. • X-ray equipment
1946 NILES, OHIO • Steel sheets and tubing
1946 SAN JOSE, CALIF. • Vertical and single-phase motors
1946 SCRANTON, PA. • Industrial and transmitting tubes
1946 TIFFIN, OHIO • Hermetic motor parts
1946 UTICA, N. Y. • Radio receivers
1946 WATERFORD, N. Y. • Silicone products
1947 ALLENTOWN, PA. • Toasters, grills, electric percolators
1947 BURLINGTON, VT. • Aeronautic systems
1947 CHICAGO HEIGHTS, ILL. • Commercial cooking units
1947 DECATUR, ILL. • Molded and extruded plastics
1947 LEXINGTON, KY. • Sealed beam lamps
1947 MATTOON, ILL. • Photoflash and large lamps
1947 MEMPHIS, TENN. • Miniature lamps
1947 MILWAUKEE, WIS. • Dishwashers, water heaters
1947 SOMERSWORTH, N. H. • Meters, meter sockets
1947 SYRACUSE, N. Y. • Industrial and military electronic equipment, television receivers, transmitters
1948 BROCKPORT, N. Y. • Electric mixers, skillets
1948 CIRCLEVILLE, OHIO • Fluorescent lamps
1948 CLEVELAND, OHIO • Fluorescent powder and chemicals
1948 EVENDALE, OHIO • Jet engines
1948 HOUSTON, TEXAS • Distribution panels, switchboards
1948 JOHNSON CITY, N. Y. • Electronic aeronautic systems
1948 LEXINGTON, KY. • Large lamp bulbs
1948 MASPETH, N. Y. • Distribution panels, switchboards
1948 SPRINGFIELD, MASS. • Plastic molds
1949 LOGAN, OHIO • Glass tubing and cane
1949 MORRISON, ILL. • Appliance controls
1950 ROCKFORD, ILL. • Television cabinets
1951 AUBURN, N. Y. • Television components
1951 EDMORE, MICH. • Cemented carbide tools, magnets
1951 HUDSON FALLS, N. Y. • Capacitors
1951 LIMERICK, MAINE • Rectifier equipment
1951 LUDLOW, VT. • Jet engine dies
1951 SPRINGFIELD, N. J. • Metal parts for electronic tubes
1952 ANNISTON, ALA. • Receiving tubes
1952 ASHEBORO, N. C. • Heating pads, automatic blankets
1952 MALTA, N. Y.* • Military research and development
1953 LINTON, IND. • Small general-purpose electric motors
1953 LOUISVILLE, KY. • Home appliances
1953 SYRACUSE, N. Y. • Electronic components
1953 UTICA, N. Y. • Military electronic equipment
1953 WORCESTER, MASS. • Clocks
1954 JONESBORO, ARK. • Shaded-pole electric motors
1954 ROME, GA. • Medium transformers
1955 BLOOMINGTON, ILL. • General-purpose control
1955 HENDERSONVILLE, N. C. • Outdoor lighting equipment
1955 HOLLAND, MICH. • Hermetic motor parts
1955 IDAHO FALLS, IDAHO* • Atomic test station
1955 PATERSON, N. J. • Gear motors, transmission components
1955 SHELBYVILLE, IND. • Industrial heating equipment
1955 SYRACUSE, N. Y. • Military electronic equipment
1955 WAYNESBORO, VA. • Electronic, regulator, aircraft controls

PLANTS UNDER CONSTRUCTION IN 1955

HICKORY, N. C. • Distribution transformers
IRMO, S. C. • Capacitors
LYNCHBURG, VA. • Power rectifier equipment
ROANOKE, VA. • Industrial control equipment
TYLER, TEXAS • Home heating and cooling equipment

*OPERATED FOR THE U.S. GOVERNMENT

Developing more power from conventional fuels

WHILE General Electric intends to play its full role in developing economic electric power from the atom, the Company recognizes that its primary task in the development of power-plant equipment in the years immediately ahead is to aid the nation's utilities in expanding their capacity in generating equipment utilizing such conventional fuels as coal, gas and oil. Consequently, the Company continued in 1955 to place heavy emphasis on the development of more powerful and more efficient electrical apparatus for conventionally fueled power production. New facilities added in 1955 for apparatus development included a Large Motor and Generator Test Center and a Turbine Development Laboratory, both located at Schenectady, N. Y.

The growth of the electric-power industry was reflected in the 1955 activity of the Apparatus Group, which includes the Company's businesses in the field of heavy apparatus for the generation and distribution of electric power. With the exception of a few months immediately following World War II, the volume of orders received in 1955 was greater than for any previous period.

Because of the long manufacturing cycles involved in producing large electrical equipment, these orders will insure a high level of activity for the Group during the next two to three years. 1955 sales billed, determined largely by orders received in earlier years, were only slightly less than the high level of billing achieved in 1954.

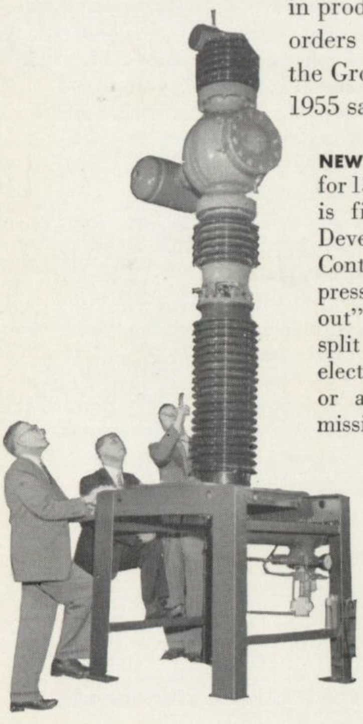
Progress toward atomic power

1955 milestones in General Electric's progress toward the realization of economic electric power from atomic fuels included the beginning of development work on the world's largest all-nuclear plant. Scheduled for completion by 1960 for Commonwealth Edison of Chicago and the Nuclear Power Group, Inc., the 180,000-kw plant will be located southwest of Chicago.

Canada's first atomic-electric plant will be built by Canadian General Electric Company, Ltd. The experimental nuclear power station will be located at Chalk River, Ontario, and is expected to produce 20,000 kw.

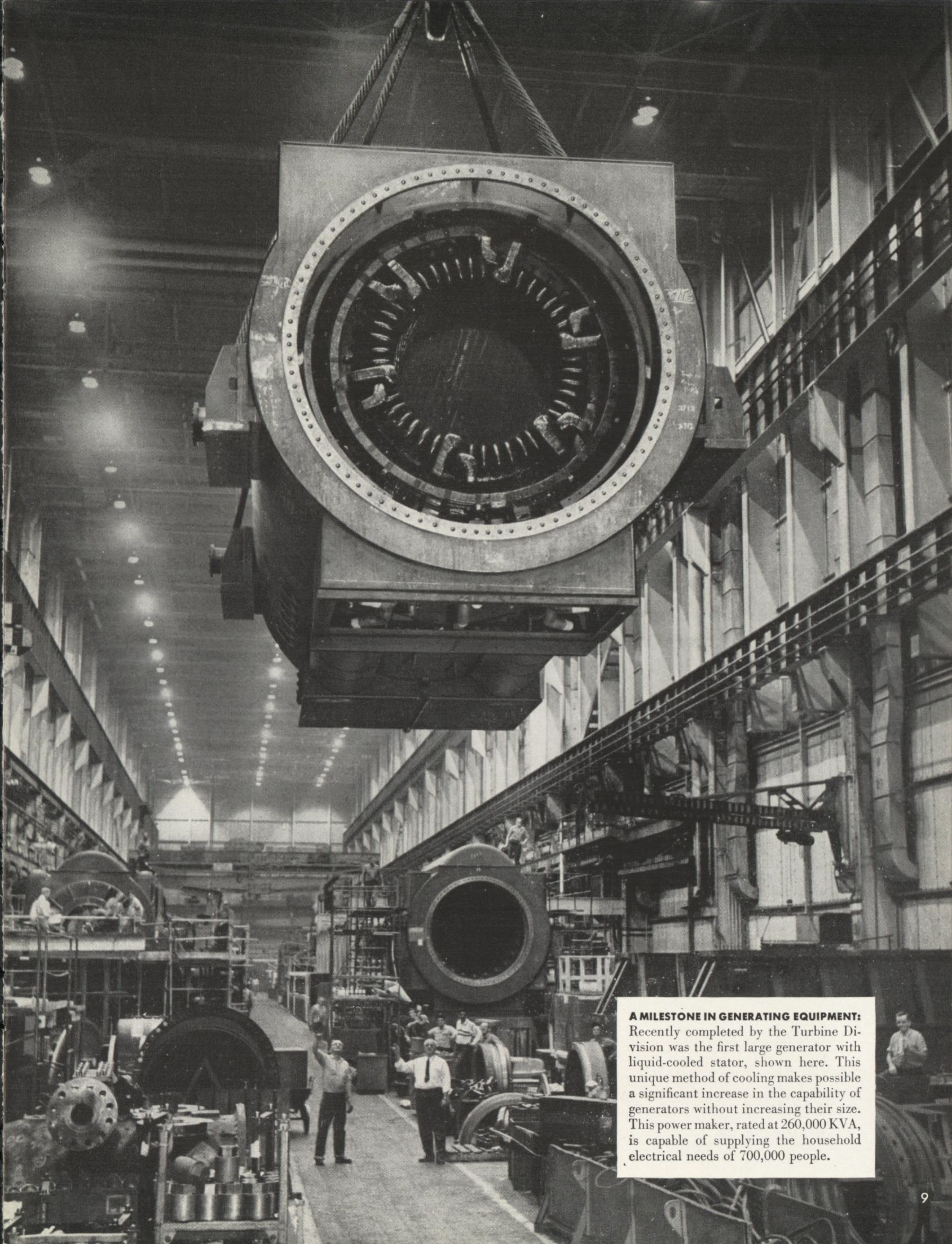
The free world's first commercially distributed atomic-electric power was produced by General Electric on July 18, 1955, at West Milton, N. Y. The power source was the prototype of the nuclear reactor built by the Company for the submarine *Seawolf*.

The Company views atomic development as of great long-range potential, but does not expect it to yield a profitable return for the share owners for a number of years to come.



NEW AIR-BLAST CIRCUIT BREAKER for 138,000-volt transmission lines is first of its rating in U.S. Developed by Switchgear and Control Division, it uses high-pressure compressed air to "blow out" hot electric arcs and, for a split second, interrupt flow of electricity when lightning strikes or a fault occurs on a transmission line.

HIGHEST-RATED TRANSFORMER shipped to date was built by the Transformer Division's Pittsfield, Mass., plant in 1955. Rated at 300,000 KVA, it weighs 255 tons—as much as two locomotives. Seven years ago, transformers covering only slightly less space had less than half this capacity.



A MILESTONE IN GENERATING EQUIPMENT: Recently completed by the Turbine Division was the first large generator with liquid-cooled stator, shown here. This unique method of cooling makes possible a significant increase in the capability of generators without increasing their size. This power maker, rated at 260,000 KVA, is capable of supplying the household electrical needs of 700,000 people.

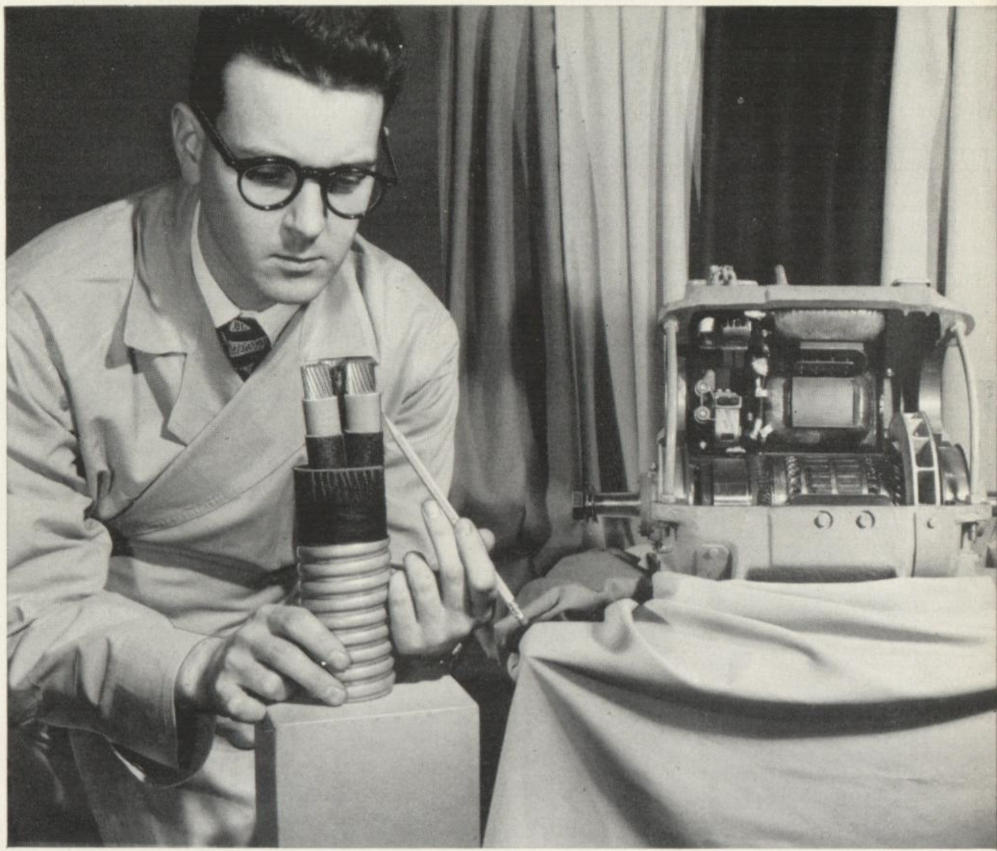
GROWTH FOR GAS TURBINES: successful operation of 25 gas turbine-electric locomotives like that above, built earlier by General Electric, resulted in a commitment in 1955 for the Locomotive and Car Equipment Department to supply 45 new and more powerful locomotives utilizing gas turbines as their power source. Also in 1955 the Turbine Division pioneered development of a gas turbine power plant for ship propulsion. Applied in a repowered Liberty ship, it will produce three times the power of the earlier power plant, yet require less space. Gas turbines for producing electric power were also under construction for application in Mexico and Venezuela.

Best year in sales to industrial customers

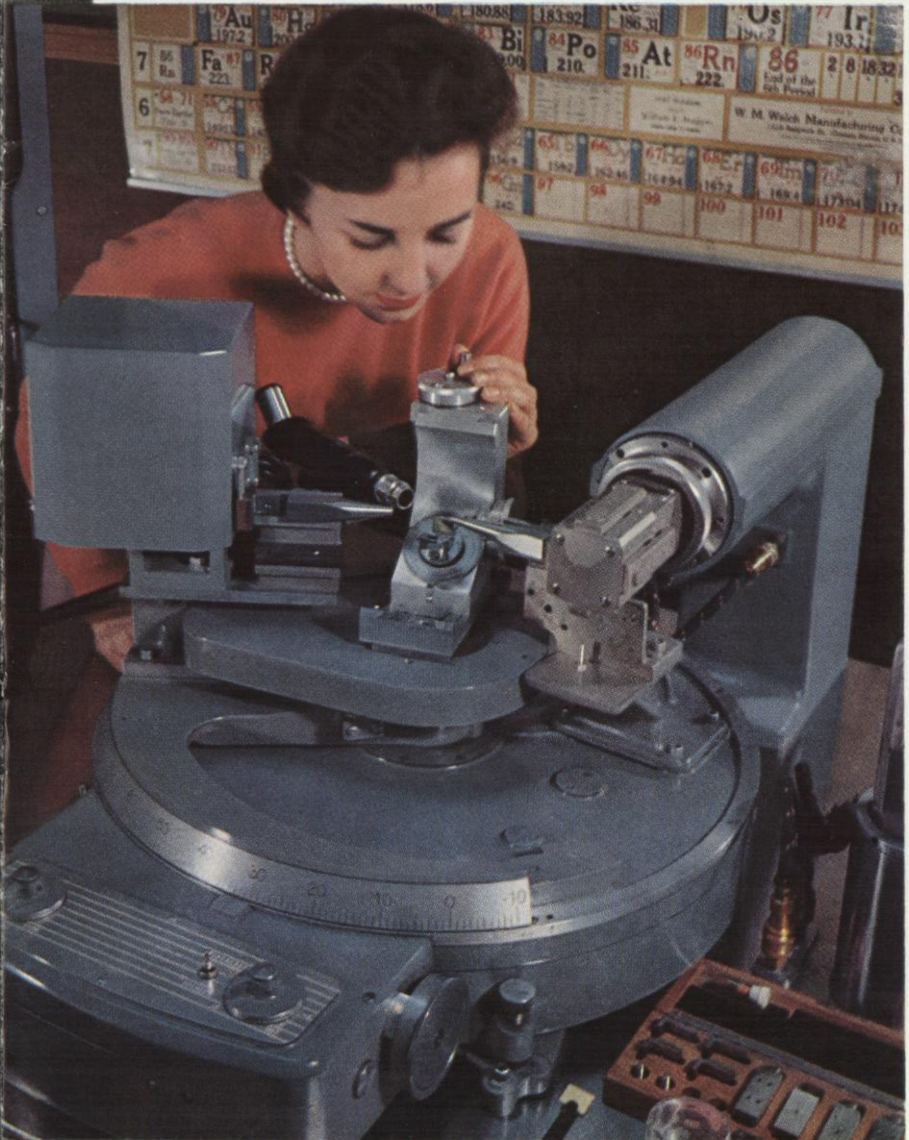
General Electric sales to industrial customers in 1955 surpassed those for any preceding year. This increase was not merely a reflection of the higher levels of general business activity during the year. It also represented the success of the Company's product departments within the Industrial Components and Materials Group in securing orders from an increasingly broad cross section of industry.

By initiating new uses for its silicone chemical materials, for example, the Group's Chemical and Metallurgical Division has developed a growing business, supplying more than 2,000 different customers in 1955. Sales of the Division's Textolite plastic counter surfaces were almost double those for 1954. The design of small electric motors, controls and other components to the special needs of customers in the appliance, housewares and air-conditioning businesses enabled the Component Products Division to add new customers, and increase its sales, in 1955. Acceptance of a new, more compact motor control center marketed in 1955 helped the Industrial Power Components Division to its best sales year. Other examples of progress in meeting the needs of industrial customers are illustrated in the photographs on these pages.

NEW USES FOR SILICONES (right) include silicone rubber insulation for the Company's line of power cable. The new insulation can withstand higher temperatures than other insulating materials in wet or dry locations, either exposed or in a conduit. Silicone resins are also at the heart of the new insulation system for d-c armored mill motors, which enable the motors to operate under severe overloads without burning out.

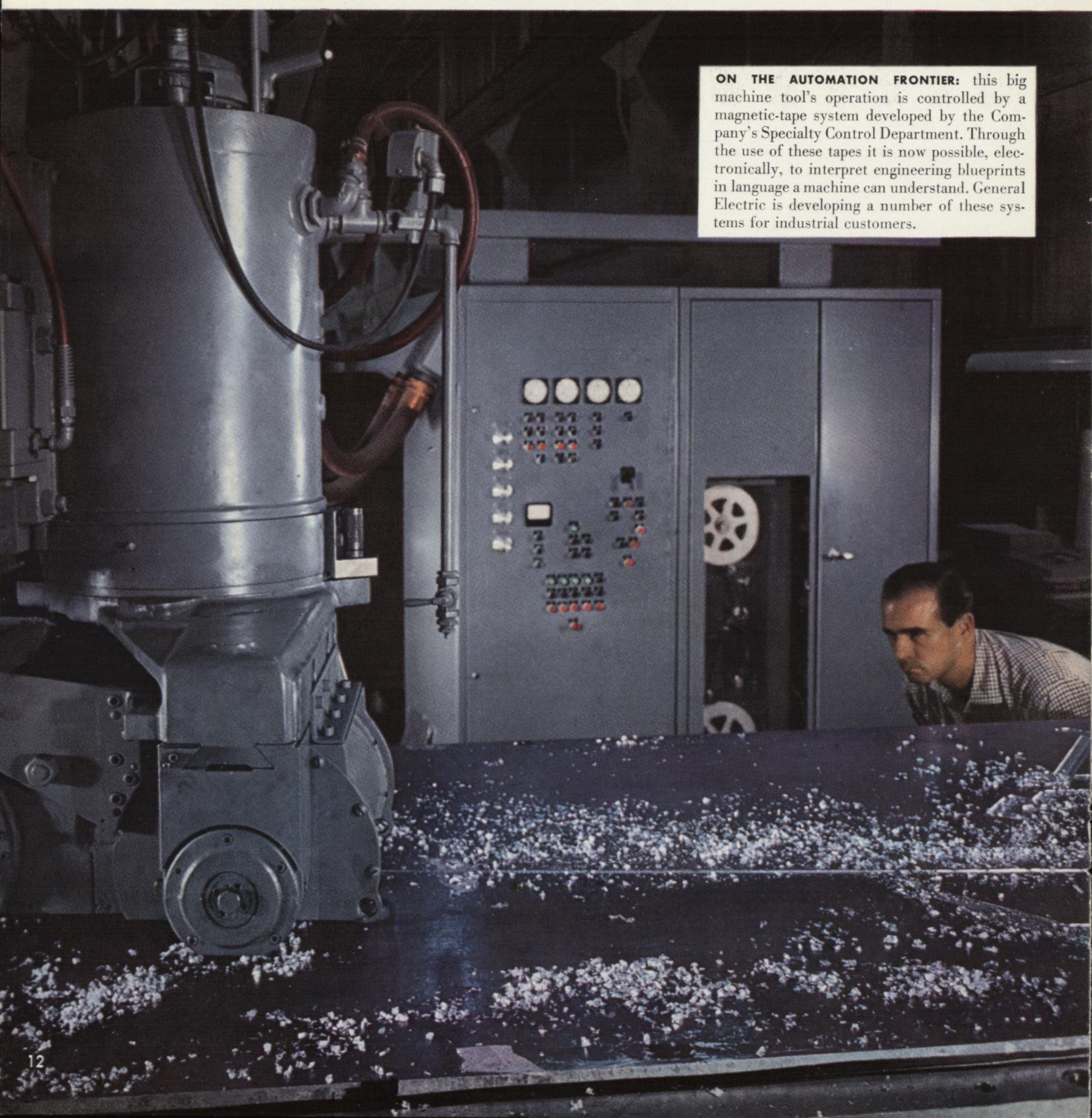


INDUSTRIAL APPLICATIONS OF X-RAY equipment represent a market which is expected by General Electric to expand swiftly. The new x-ray diffraction apparatus shown below, developed by the Company's X-Ray Department, has won rapid industry acceptance as a tool for analyzing the composition of materials.



PROGRESS IN TRANSFORMERS: instrument transformer (above) utilizing a new butyl-rubber insulation called Hy-Bute 60 proves its durability in steam-chamber test. It is expected to last a lifetime without maintenance. The insulation cuts transformer size and weight in half by serving as a casing, insulator and internal support.

Industrial electronics . . . an example of the Company's prospects for continuing growth



ON THE AUTOMATION FRONTIER: this big machine tool's operation is controlled by a magnetic-tape system developed by the Company's Specialty Control Department. Through the use of these tapes it is now possible, electronically, to interpret engineering blueprints in language a machine can understand. General Electric is developing a number of these systems for industrial customers.

GENERAL ELECTRIC'S organization was realigned on December 1, 1955, in order to bring more unified and concentrated attention to the needs of the rapidly growing industrial electronics business.

The variety of electronic equipment needed by industry represents a business which is expected to double in the next four or five years. With the Company's realignment, customers can look to one source—the Company's Electronics Division—for a broad range of industrial electronic equipment. This includes the supplying of a variety of electronic computers for industry, with the use of computers in manufacturing representing one of the most important applications. Manufacturing technology is also making increasing use of x-ray equipment, new materials resulting from research in semiconductors, and new automation systems utilizing electronic controls, which the Company supplies.

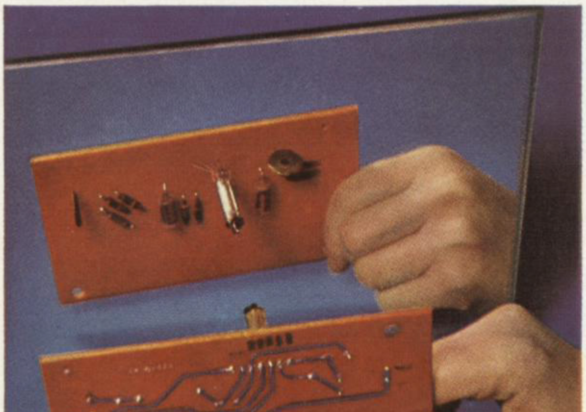
Among the new responsibilities assigned to the Division are the Company's Specialty Control and X-Ray Departments, a newly established Computer Section and an Electronics Business study.

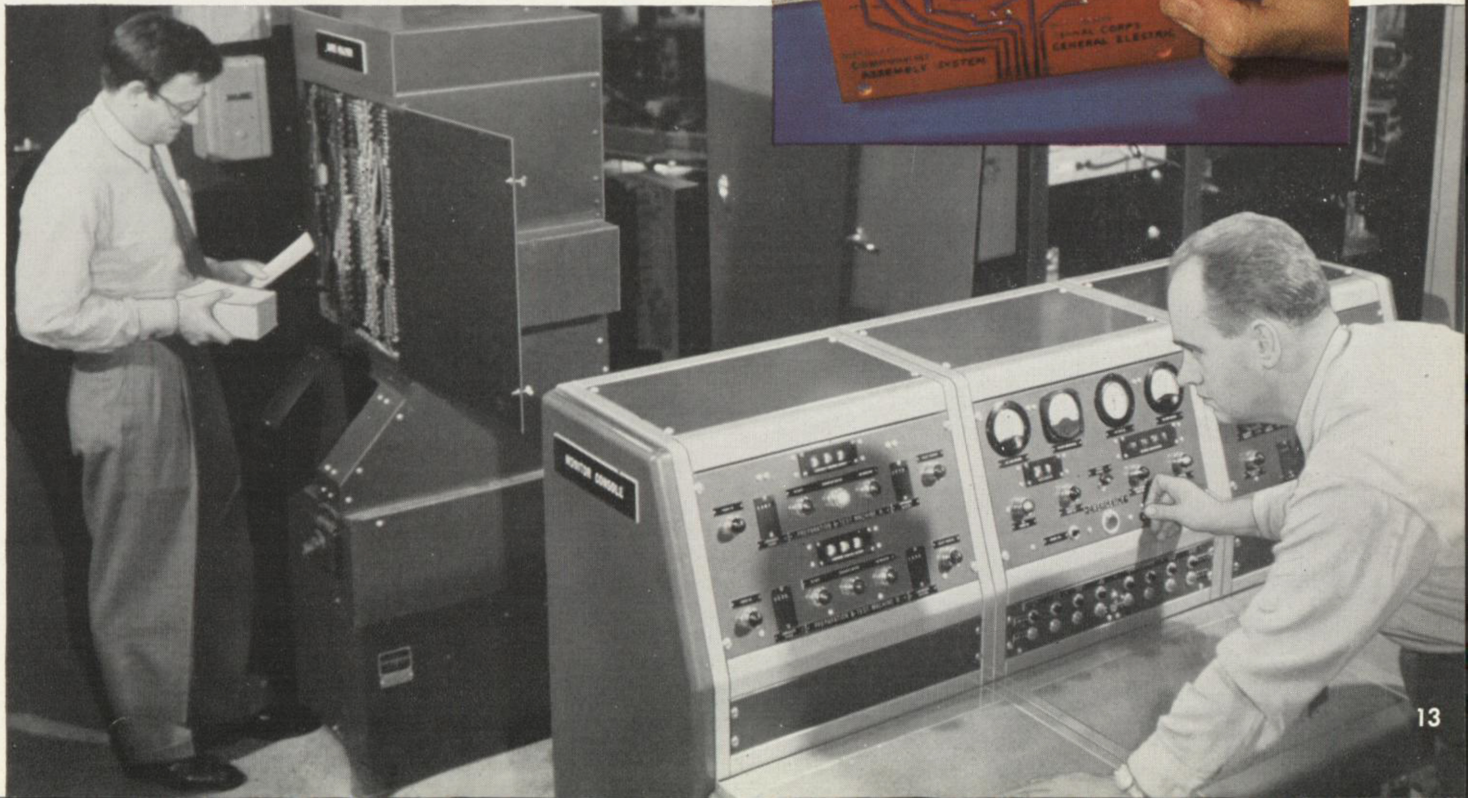
General Electric expects not merely to keep pace with the growth of this business, but to contribute to it through new advances in electronics. To this end a new Industrial Electronics Laboratory was established in 1955 and added to the Division's already extensive research and development facilities.

In the realignment, Electronics became a division of the newly named Electronic, Atomic and Defense Systems Group. With this shift, and with the development of the Company's commercial atomic business during the year, the composition of this Group is changed from one keyed entirely to defense business to one encompassing promising areas of commercial growth.

ELECTRONIC TESTING of speaker magnets at General Electric's Edmore, Mich., plant indicates how the Company is applying electronic advances to secure more efficient production. Automatic equipment inspects and tests magnets to close tolerances and sorts them according to quality.

MACHINE-BUILT CIRCUIT at right was assembled by the electronic system below. The system, called the Automatic Component Assembly System, was developed at the Advanced Electronics Center, Ithaca, N. Y., for the U.S. Army Signal Corps. It automatically assembles varied electronic circuits, according to the instructions it receives from punched cards.



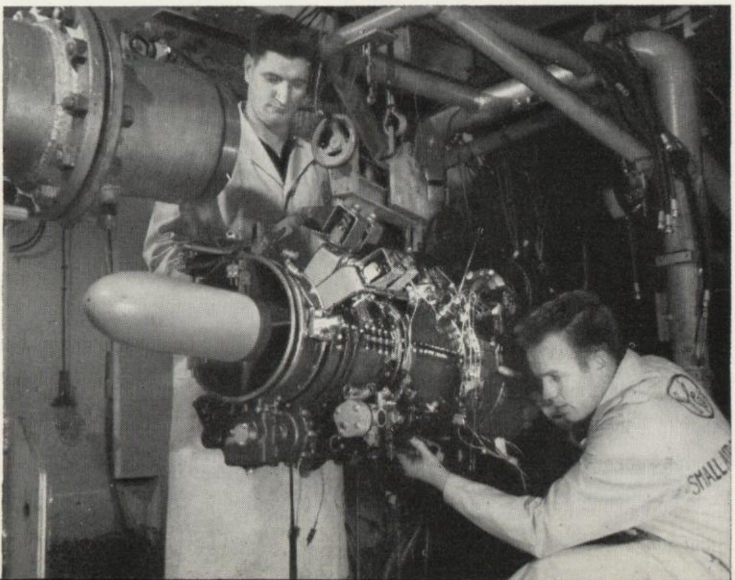


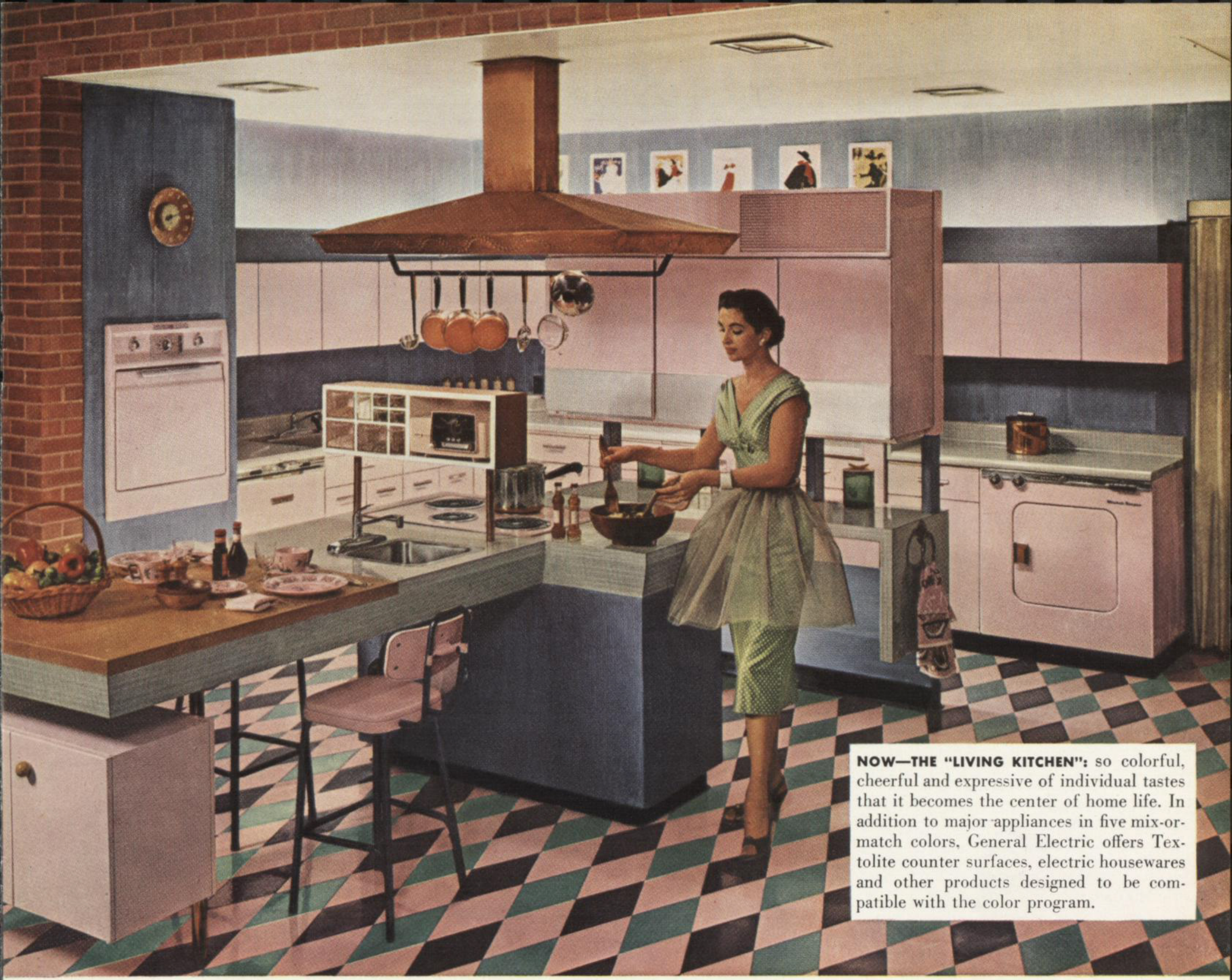
1955 PROGRESS IN PRODUCT DEVELOPMENT

CONTRIBUTIONS TO THE NATION'S DEFENSE PROGRAM: in 1955 testing continued at Aircraft Gas Turbine's Evendale, Ohio plant on the J79—a jet engine embodying entirely new principles of operation. Designed for supersonic aircraft, the new engine is one of the most advanced steps in aircraft propulsion since General Electric produced the J47, which today powers more Air Force planes than any other jet engine.

SUPERCARRIER SARATOGA (right) commissioned in 1955 is the first of four new aircraft carriers whose propulsion turbines will be supplied by the Company's Turbine Division. These General Electric turbines will make the *Saratoga* the most powerful warship ever built.

SMALL GAS TURBINE T58 (right) reached advanced testing stage at the Lynn, Mass. plant. Under development by the Small Aircraft Engine Department for the Navy, the T58 represents a significant step forward in aircraft gas turbine and helicopter engine design.





NOW—THE "LIVING KITCHEN": so colorful, cheerful and expressive of individual tastes that it becomes the center of home life. In addition to major appliances in five mix-or-match colors, General Electric offers Textolite counter surfaces, electric housewares and other products designed to be compatible with the color program.

A record year for sales of General Electric products for the home

DURING 1955, General Electric consumer products were so well received by the public that the sales of the Consumer Products Group were the highest in the Company's history, growing substantially faster than the sales of the industry in general.

The record sales showed that many of General Electric's revolutionary ideas in home products were winning widespread public acceptance. Sales of wall-mounted refrigerators, built-in appliances and combination appliances such as the electric kitchen center rose steadily during the year. Sales of mix-or-match colored appliances, introduced at the end of 1954, increased to the point that they averaged 18 per cent of the Company's appliance sales in 1955. The new General Electric portable television set sold well. Sales of the Company's air-conditioning equipment continued to increase, with sales of the Weathertron for all-electric heating and cooling rising to double the 1954 volume. The Company's Lamp Division, benefiting from its sustained program supporting the concept of "light conditioning" for American homes, increased its sales to record levels.

New ideas shown on these pages are expected to contribute further to the momentum gained in 1955.

Other 1955 developments in products for the home

ADVANTAGES OF IMPROVED WEATHERTRON for all-electric heating and cooling are explained by Progress Reporter Don Herbert to audiences of the General Electric Theater on television. New unit is 30 per cent smaller yet has 60 per cent greater heating capacity. Other 1955 developments in air conditioning include a ceiling-mounted commercial unit and new "thin-line" room air conditioner designed to eliminate excessive overhang inside and outside the window.

TOUCHTRON elec
touch. A touch c
it away. The Cor

NEW ELECTRIC HOUSEWARES from General Electric include automatic skillet with thermostat heat control, speed kettle which boils a quart of water in less than four minutes, and a wireless clock which employs an electronic circuit to extract electrical impulses from the air.

NEWS IN ELECTRONICS in 1955 was made by General Electric's portable television set and tiny radio using transistors in place of conventional vacuum tubes.

ronic switching in this lamp seems to give a magic f the finger gives light, while a second touch takes npany has also adapted the device to alarm clocks.

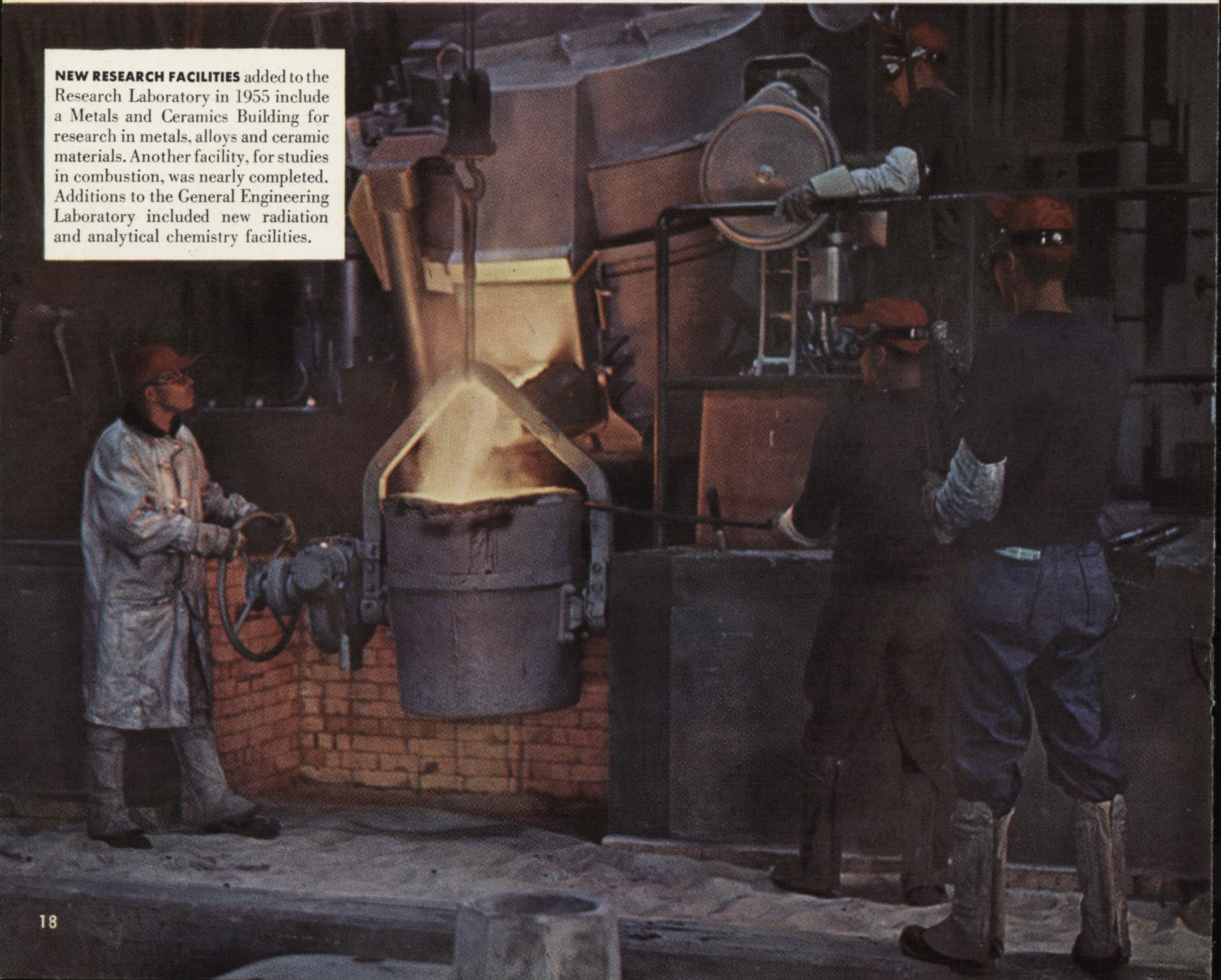
ROLL-EASY VACUUM CLEANER with "toe-touch" switch control is light, mobile and quiet. Detachable cord and attachments make it easy to store.

NEW INCANDESCENT LAMP at right gives 15 per cent more light than conventional bulb. The greater output results from the new vertical position and type of filament developed by General Electric lamp scientists.

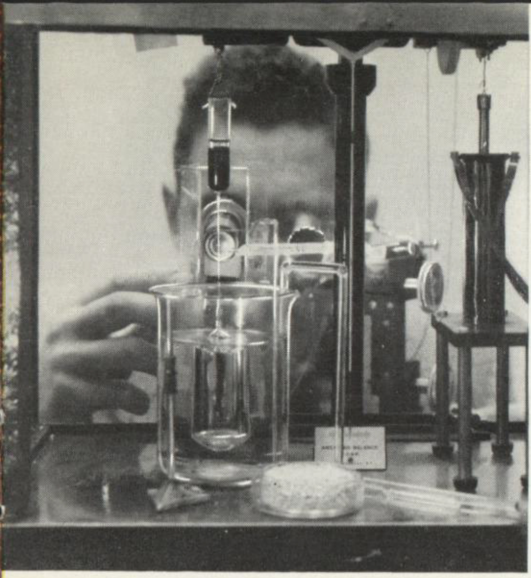
New 1955 projects in research and development

Research discoveries in past years were the source of many new businesses which contributed to General Electric sales and earnings in 1955. It is estimated, for example, that 70,000 General Electric employees are working on products which the Company did not make in 1939. To accelerate its progress as the originator of new products and new businesses, General Electric spent more than three times as much, per dollar of sales, on research and development in 1955 as the average for all manufacturing companies.

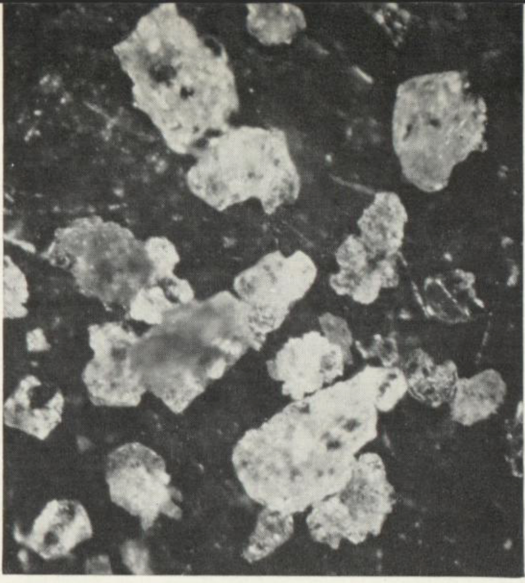
The photographs on these pages suggest the range of new work being carried forward in the laboratories of General Electric. As these and other new developments emerge, the Company expects to apply them aggressively in new or improved products, which can be marketed for the benefit of the Company's customers, share owners, employees, suppliers and the public. In 1955, for example, the development of man-made diamonds was an important and significant contribution to fundamental scientific knowledge. Development of these diamonds for commercial applications is already under way in the Carboloy Department.



NEW RESEARCH FACILITIES added to the Research Laboratory in 1955 include a Metals and Ceramics Building for research in metals, alloys and ceramic materials. Another facility, for studies in combustion, was nearly completed. Additions to the General Engineering Laboratory included new radiation and analytical chemistry facilities.



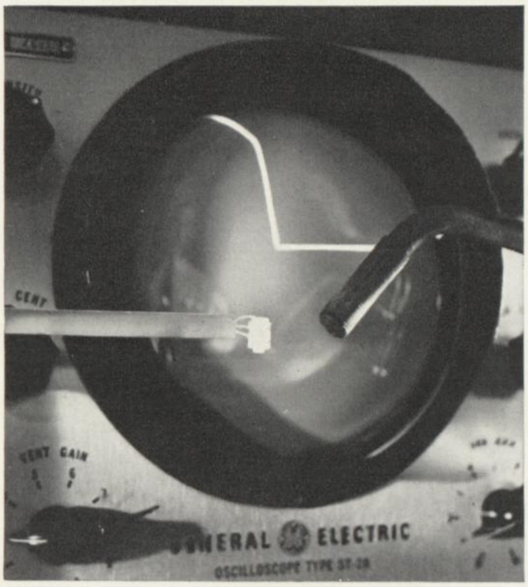
RESEARCH IN METALS: perfect crystal of copper, supporting glass cylinder, is many times stronger than normal metal crystals.



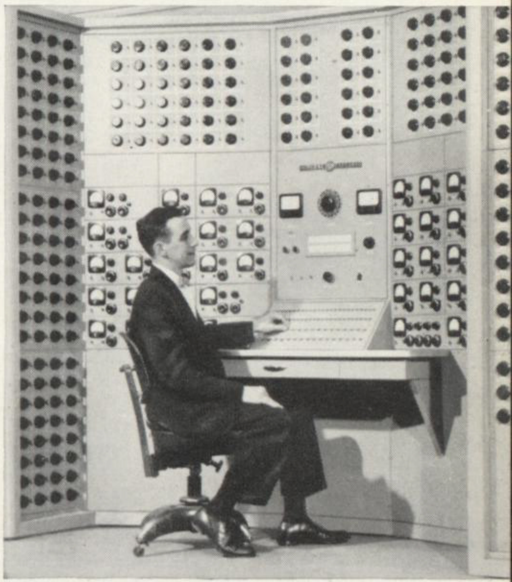
MAN-MADE DIAMONDS, magnified above, were announced in 1955 as a major scientific contribution by the Research Laboratory.

RESEARCH IN TRANSISTORS in 1955 included new method for making crystal "hearts" of transistors from thin slivers of germanium.

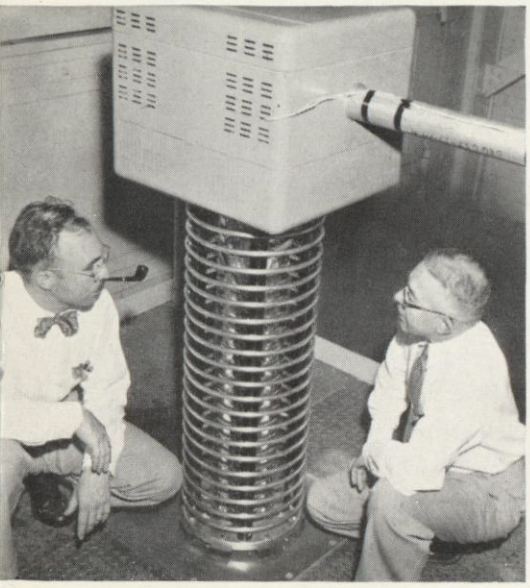
DEVELOPMENT IN SILICONES by the Company's Chemical and Metallurgical Division includes applications to make cloth water-repellent.



NEW CERAMIC VACUUM TUBE operates while glowing red-hot. It offers space-saving, heat-proof qualities for electronics applications.



GIANT COMPUTER for calculating most economical transmission of electric power was developed by General Engineering Laboratory.



ATOMIC RADIATION studies at the General Engineering Laboratory will be aided by new tools such as this high-voltage accelerator.

SATELLITE for International Geophysical Year Program will be launched by General Electric rocket engine.

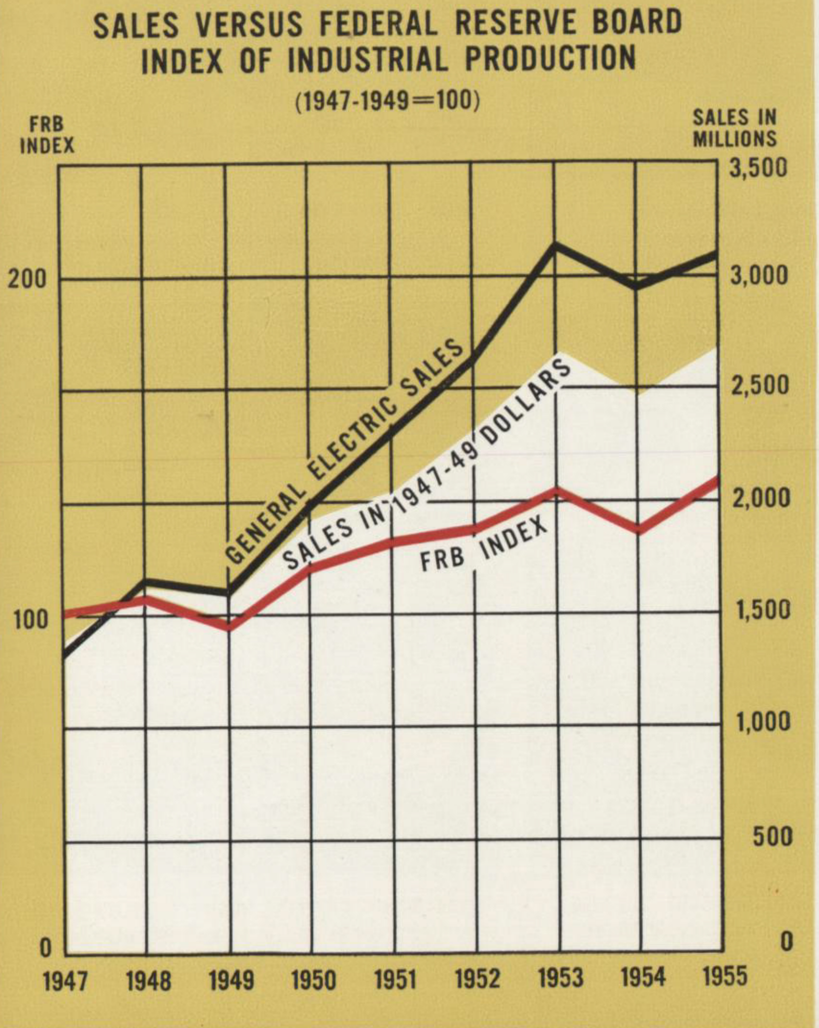
ELECTRONIC OVEN for homes, to be marketed in 1956, cooks and browns foods at amazing speeds—a 15-pound turkey in 45 minutes.

Sales exceed $3 billion

Earnings, dividends increase

DURING 1955, General Electric Company sales of commercial products exceeded all previous records. In the face of declining sales of defense products, however, they did not increase quite fast enough to push total net sales billed over the record of $3,128 million set in 1953. The total of $3,095 million for 1955 was 5% greater than 1954 sales of $2,959 million.

Consumer products sales billed were up substantially over 1954, and sales of industrial components and materials showed a healthy increase. Gains were also recorded in export sales to foreign customers. Because of longer manufacturing cycles and a low volume of 1953 orders, apparatus lines lagged behind the others. By the close of 1955, however, apparatus sales billed were at a rate 15% in excess of the like 1954 period, and for the entire year were only slightly less than in 1954. Sales of defense products continued downward, as expected, during 1955. They were 18% below 1954.



Shown on the chart below are General Electric sales for 1947 through 1955 compared with the Federal Reserve Board index of industrial production. The Federal Reserve Board index went from 125 in 1954 to 139 in 1955. On the same basis (i.e., 1947–49 = 100), an index of General Electric sales adjusted for price-level changes was 163 in 1954 and 177 in 1955.

Earnings of $2.32 a share

Net earnings of $200.9 million were equivalent to $2.32 a share. This was a $2.0 million increase over 1954 earnings of $198.9 million, which were equivalent to $2.30 a share. Earnings were 6.5 cents per dollar of sales, compared with 6.7 cents in 1954.

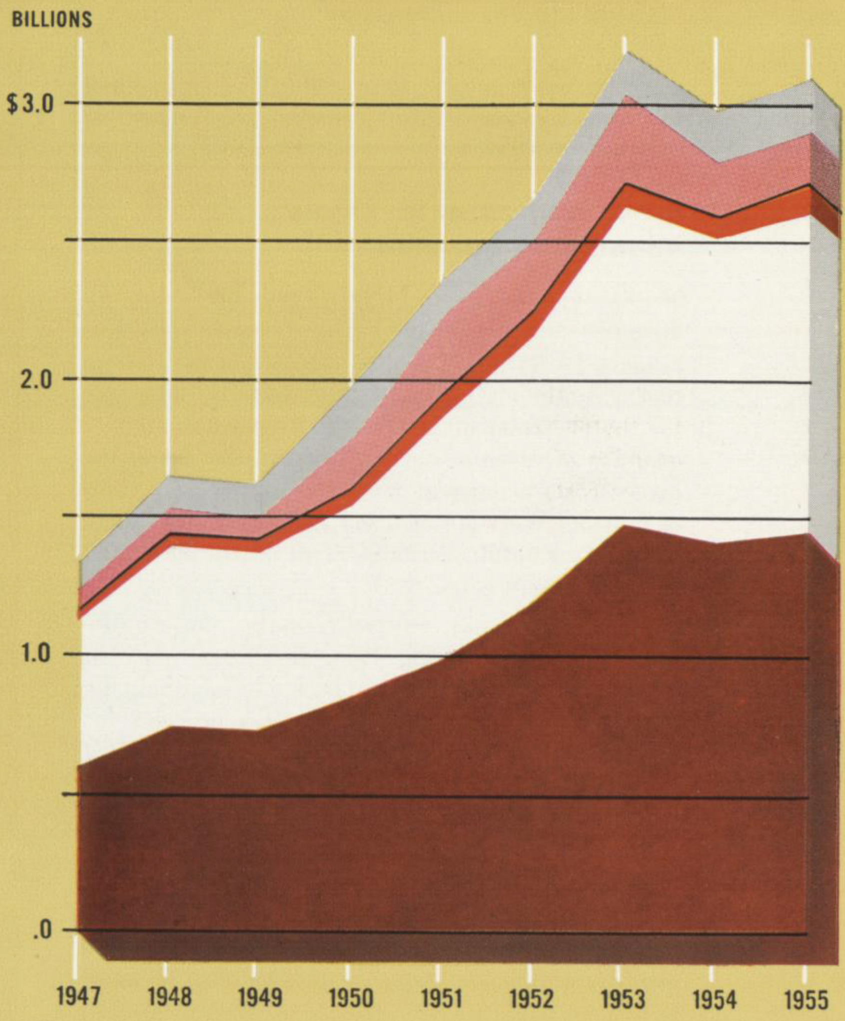
As explained in a special bulletin to share owners dated June 17, 1955, and in Note 11 on page 29 of this Report, financial statements for 1954 were revised from the statements published in the 1954 Annual Report. The revised 1954 earnings of $2.30 a share were still the highest for any year prior to 1955 and represented a 20% increase over 1953 earnings.

The revision was necessary because Section 462 of the Internal Revenue Code of 1954 was retroactively repealed in June 1955. This Section would have permitted the Company for Federal income tax purposes to deduct from 1954 income amounts which the Company estimated it would have to pay in 1955 and subsequent years to fulfill its product warranties on products sold in 1954. The Company continues to record these expenses in the year of sale, as in the past, for *book* purposes, although such estimated expenses may not be deducted for *tax* purposes.

Orders increase in apparatus lines

Demand from electrical utilities for heavy apparatus was strong throughout the year, leading to a substantial increase in new orders, which was still continuing in the early months of 1956. This continuing high level of orders, at a rate substantially greater than 1954 or 1953, promises an increasingly better level of production and

ALLOCATION OF GROSS RECEIPTS 1947 – 1955



		1954	1955
🟫	Materials, parts, supplies and all other costs, expenses and charges	$1,401.2	$1,466.0
⬜	Employee compensation and benefits applicable to sales	1,119.9	1,199.6
🟥	Depreciation of plant and equipment	79.5	91.0
⬛	Interest and other financial charges	0.7	0.5
▨	Federal taxes on income, and renegotiation	191.7	168.0
▨	Net earnings	198.9	200.9
	Total gross receipts	$2,991.9	$3,126.0

(Amounts in millions)

shipments in apparatus lines during 1956 and 1957.

As a result of this anticipated higher volume of production, and cost-reduction programs on the part of departments involved, increased earnings levels are expected during the next two years for all Divisions of the Company's Apparatus Group.

Costs of expansion and relocation—$81 million

Unusual costs and expenses associated with the Company's expansion and relocation program amounted to approximately $81 million in the year 1955. This was an increase of 29% over the $63 million in such costs estimated for the previous year.

Costs of this type include expenditures for getting new product lines under way, the expenses associated with moving employees and equipment to new plant locations and other similar, nonrecurring costs and expenses. Such costs are, of course, in addition to outlays for investment in plant and equipment.

An expanding company will always have some expenses of this type. This level of expense for 1955, however, represents a high point, which may be approached, but probably will not be exceeded, in the next few years.

Research at new high

The cost of research and product development work reached another new high in 1955. There are many different definitions used by various industries in determining these costs, and such data are not comparable between companies. A recent definition developed by the Bureau of Labor Statistics includes the costs of scientific research and design engineering for new and improved products, but excludes the costs of commencing product manufacture. On this basis, research and development costs for General Electric in 1955 were well in excess of the estimated electrical manufacturing industry average of 6% of sales.

Employee earnings at record high

A record $1,108 million was paid to an average of 214,794 employees in 1955. This was an increase of $103 million over the amount paid to 210,151 employees in 1954. The previous record was a total of $1,051 million for 222,070 employees in 1953. These amounts exclude earnings of employees at atomic projects operated for the U.S. Government at Hanford, Washington, and Schenectady, New York, where, in 1955, $69 million was paid to 11,393 employees.

The above amounts do not, however, represent the total employment costs applicable to the Company's sales. The substantial Company cost of employee benefits must be added to these amounts. On the other hand, employment costs which remain in inventory at the end of the year, or are applied to plant and equipment, must be excluded. Total employment costs applicable to sales amounted to $1,199.6 million in 1955, an increase of $79.7 million over the amount recorded for 1954.

LIFO method of inventory accounting adopted

The last-in-first-out, or LIFO, method of valuing inventories was adopted by the Company effective January 1, 1955. This method is based on the concept that a continuing quantity of inventory is necessary for the operation of a business. By maintaining this quantity of inventory at a constant price level, the higher costs of current replacements during periods of price increases are matched against current selling prices. As a result, earnings more nearly reflect the effect of current costs.

Costs of materials, especially copper, showed substantial increases during 1955, and future rises in costs of materials seemed probable. In addition, the employee program developed in 1955 provides for wage increases over a five-year period. The LIFO method was adopted because of the desirability of reflecting these increasing costs in the computation of current earnings.

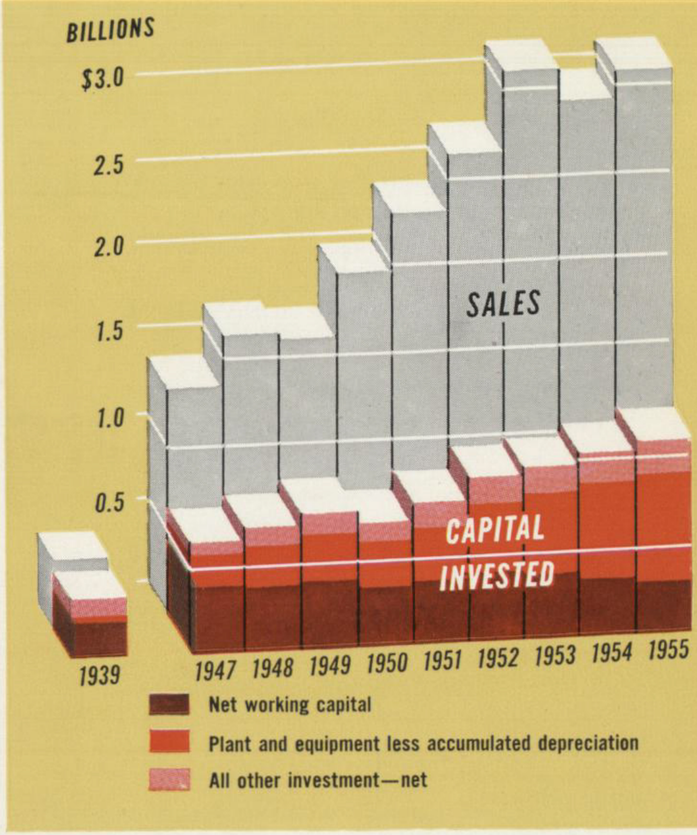
In general, except for tungsten stocks, the first-in-first-out, or FIFO, method was used for inventories prior to 1955. A simplified comparison of the two methods during periods of rising costs may be made as follows:

	Former method: FIFO	Present method: LIFO
Used for valuing inventory:	Higher current costs	Lower earlier costs
Charged against income:	Lower earlier costs	Higher current costs

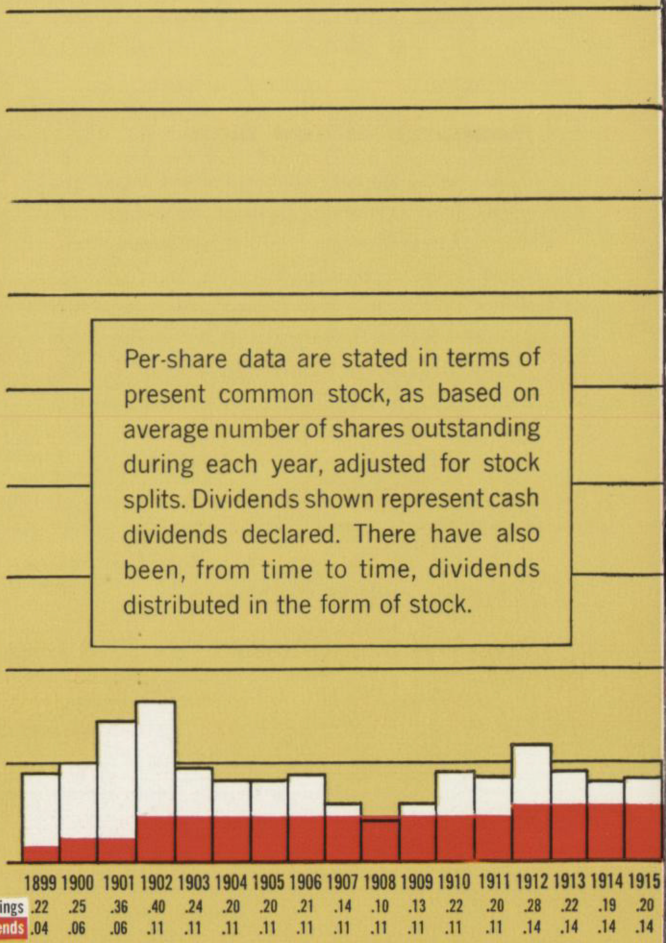
During periods of rising costs the LIFO method results in lower inventory valuations. By matching higher current costs against current income, LIFO also results in lower income during periods of cost inflation. During periods of declining prices, the reverse is true.

As a result of this new procedure, the Company's 1955 net earnings were reduced $20 million. As previously mentioned, the LIFO method gives lower inventory valuations in periods of rising prices. As these lower valuations are put into effect, certain inventory reserves provided in prior years will no longer be required. Return of such reserves to income in 1955 approximately offset the effect on net earnings of the LIFO revaluation.

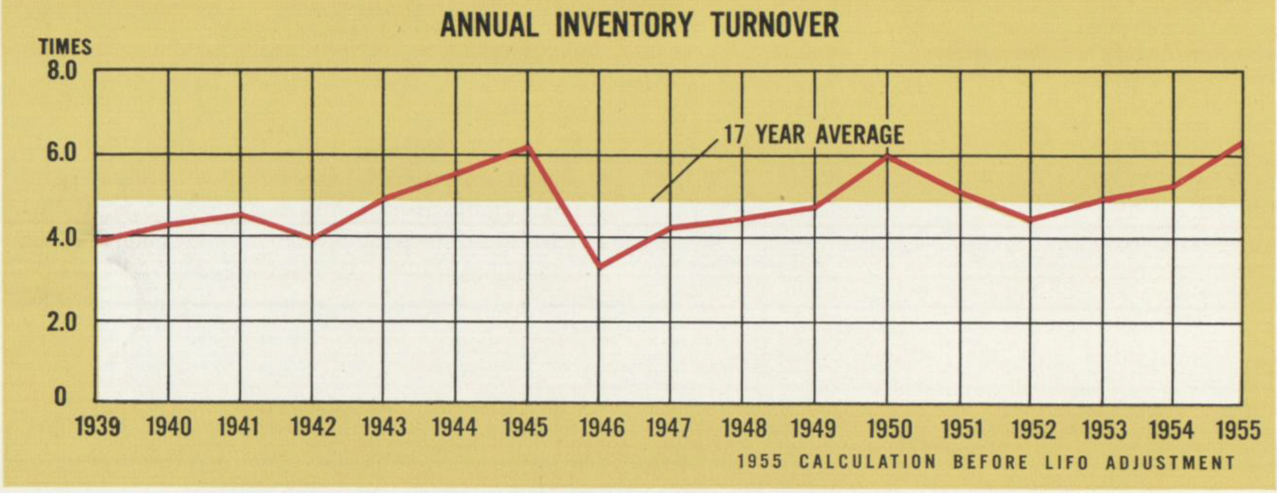
SALES AND CAPITAL INVESTED



FIFTY-SEVENTH



Per-share data are stated in terms of present common stock, as based on average number of shares outstanding during each year, adjusted for stock splits. Dividends shown represent cash dividends declared. There have also been, from time to time, dividends distributed in the form of stock.



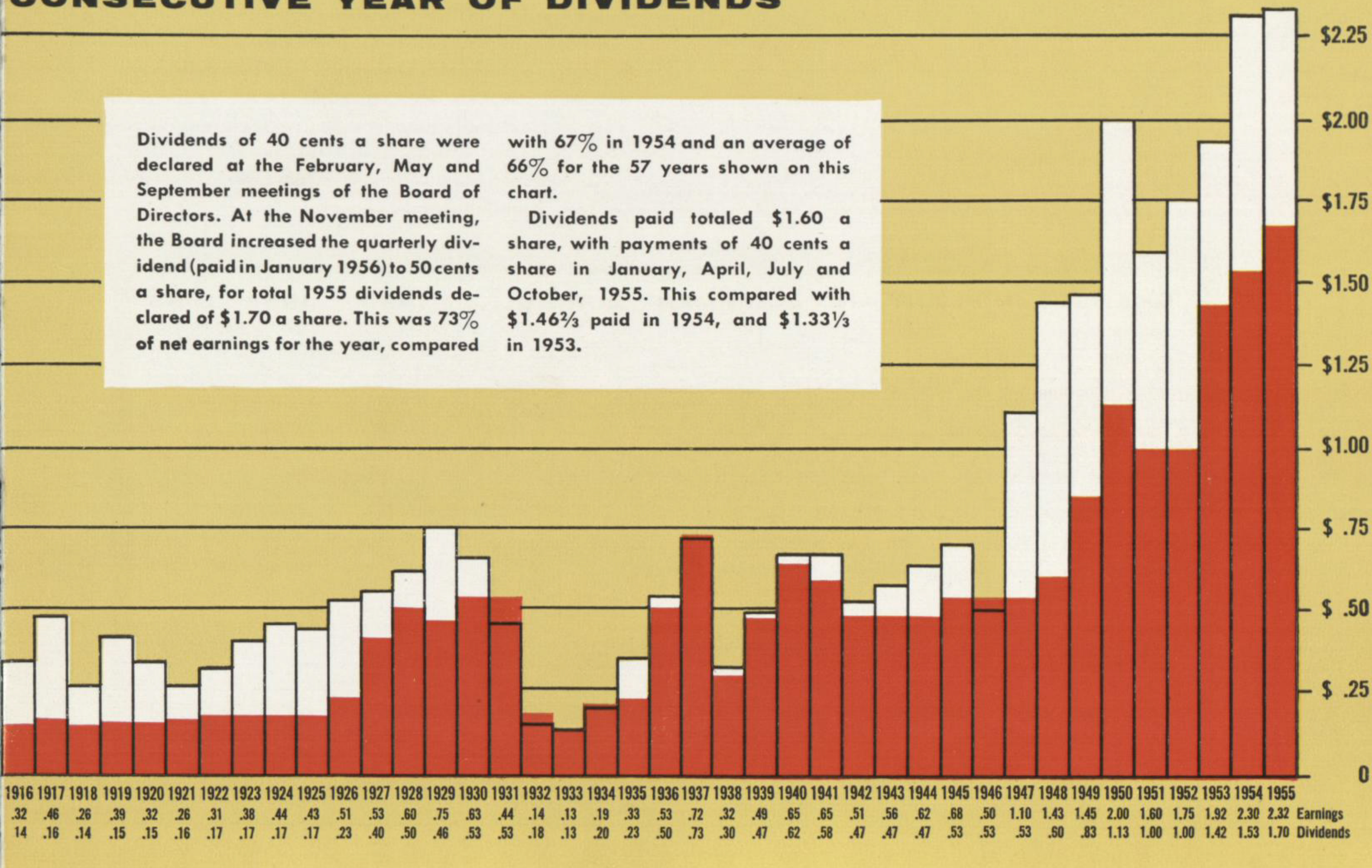
Return on investment was 18.8%

Earnings as a percentage of capital invested (defined as share owners' investment plus long-term debt or notes payable) at December 31 were 18.8% in 1955, compared with 19.7% in 1954 and 17.8% in 1953.

One of the ways to increase the return on capital invested is to obtain more efficient use of money in the business. The chart at the left shows total capital invested for the last nine years and the prewar year 1939, as compared with sales. While 1955 sales were nine times 1939 sales, capital invested at the close of 1955 was only three and one-third times 1939 investment. This has been accomplished by more efficient use of net working capital, principally of investment in cash and inventories. The term "net working capital" refers to the excess of current assets (such as cash, accounts receivable and inventories) over current liabilities (obligations payable within one year).

In the last few years increasing emphasis has been placed on inventory turnover (the ratio of sales to average inventories). As shown on the chart above, through better procedures in ordering, scheduling and marketing, inventory turnover was increased from 3.8 times in 1939 to 6.4 times in 1955.

CONSECUTIVE YEAR OF DIVIDENDS



Dividends of 40 cents a share were declared at the February, May and September meetings of the Board of Directors. At the November meeting, the Board increased the quarterly dividend (paid in January 1956) to 50 cents a share, for total 1955 dividends declared of $1.70 a share. This was 73% of net earnings for the year, compared with 67% in 1954 and an average of 66% for the 57 years shown on this chart.

Dividends paid totaled $1.60 a share, with payments of 40 cents a share in January, April, July and October, 1955. This compared with $1.46⅔ paid in 1954, and $1.33⅓ in 1953.

Changes in net working capital for the last two years may be summarized as follows:

(Amounts in millions)	*1955*	*1954*
Additions to net working capital		
Net earnings for the year	*$200.9*	*$198.9*
Depreciation of plant and equipment	*91.0*	*79.5*
All other—net	*15.4*	*−28.8*
	307.3	*249.6*
Uses of net working capital		
Expenditures for plant and equipment	*152.8*	*158.8*
Dividends on common stock	*145.9*	*131.4*
Net advances to nonconsolidated affiliates	*30.4*	*19.7*
	329.1	*309.9*
Decrease in net working capital	*$ 21.8*	*$ 60.3*

Investments total $237 million

The Company's investments, amounting to $237.0 million at the end of 1955, are detailed in Note 4 on page 28.

Operating results for 1955 are shown below for the principal affiliates for which the Company's investment was shown in the Investment account (i.e., their accounts and results were not consolidated in the financial statements).

(In millions)	*1955*	*1954*
General Electric Distributing Corporation (100% owned)		
Sales	*$744.4*	*$603.0*
Net earnings	*7.0*	*4.4*
Dividends received by General Electric	*4.7*	*4.2*
Canadian General Electric Company, Ltd. (99.4% owned)		
Sales (Canadian dollars)	*218.1*	*210.9*
Net earnings (Canadian dollars)	*6.1*	*7.1*
Dividends received by General Electric (U. S. dollar equivalent)	*1.5*	*1.3*
General Electric Credit Corporation (100% owned)		
Net earnings	*6.6*	*5.4*
Dividends received by General Electric	*4.5*	*3.9*

Effective January 3, 1956, the separate corporate existence of the General Electric Distributing Corporation, a wholly owned subsidiary, was discontinued, and it became a part of the Parent Company. This means that the operating results, assets and liabilities of this former affiliate will be consolidated with those of the Company commencing in 1956.

Investment in General Electric common stock amounted to $16.5 million and was the cost of 577,947 shares held at the end of 1955 for corporate purposes. A summary of 1955 transactions follows:

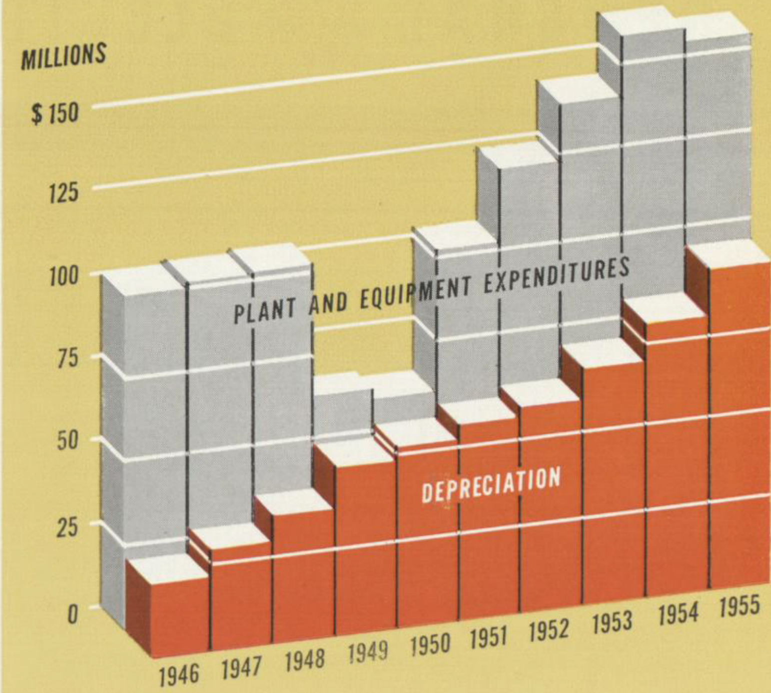
	Number of Shares
Shares of $5 par value common stock held at January 1, 1955	*740,997*
Transactions in 1955:	
Under the Incentive Compensation Plan:	
Delivered in lieu of cash payments	*68,235*
Contingently allotted	*24,658*
Requirements for 1955 under the Employees Savings and Stock Bonus Plan	*68,134*
Other awards to employees	*2,023*
Total shares used	*163,050*
Shares held at December 31, 1955	*577,947*

Plant and equipment accounts

Changes in the Company's plant and equipment accounts during 1955 are shown on the tabulation below. Additional information regarding the Company's plants will be found on pages 6 and 7.

Depreciation and amortization of $91.0 million was recorded for 1955. This represented 8.6% of the total cost of plant and equipment at the beginning of the year, compared with 8.5% in 1954, and 8.0% in 1953. Depreciation charges totaled $79.5 million for 1954 and $67.3 million for 1953.

CHANGES IN PLANT AND EQUIPMENT DURING....	**1955**	**1954**	**1953**
(Amounts in millions)			
Cost of plant and equipment in use January 1	$1,058.7	$ 940.3	$839.8
Cost of facilities added during year	152.8	158.8	141.0
Deduct: Cost of facilities dismantled during year	*40.9*	*40.4*	*40.5*
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31	1,170.6	1,058.7	940.3
Accumulated depreciation and amortization January 1	533.5	490.6	460.7
Depreciation and amortization charged against income during year	91.0	79.5	67.3
Deduct: Accumulated depreciation on facilities dismantled during year	*38.7*	*36.6*	*37.4*
ACCUMULATED DEPRECIATION AND AMORTIZATION DECEMBER 31	585.8	533.5	490.6
COST LESS ACCUMULATED DEPRECIATION DECEMBER 31	$ 584.8	$ 525.2	$449.7



PLANT AND EQUIPMENT EXPENDITURES AND DEPRECIATION

As pointed out in the 1954 Annual Report, for many years prior to 1954, the amount of depreciation which the Company was permitted to provide for tax purposes was less than that provided by the Company on its books. Under new depreciation methods first permitted for tax purposes in 1954, the Company now plans to claim, for tax deduction purposes, a greater portion of the cost of a new facility in the early years of asset life, with lower deductions in the later years of life. The increase in tax depreciation with respect to acquisitions in the years 1954 and 1955 should result in approximately equal depreciation provisions for both book and tax purposes in 1955.

At the end of 1955, certificates of necessity under the Revenue Act of 1950 were in force for facilities in place or to be constructed with an estimated cost of $131.4 million. Approximately 64% of this amount will be amortized over a period of five years, the balance being subject to depreciation at normal rates. A summary of estimated five-year amortization charged against income for the years 1950 through 1955 is as follows:

(Amounts in millions)

Year	*Normal depreciation*	*Excess over normal*	*Total amortization*
1950	—	—	—
1951	*$0.5*	*$0.9*	*$1.4*
1952	*2.0*	*3.6*	*5.6*
1953	*4.2*	*6.1*	*10.3*
1954	*6.4*	*7.7*	*14.1*
1955	*7.0*	*9.4*	*16.4*

Incentive Compensation

Under the Company's Incentive Compensation Plan—approved in its present form by the share owners in 1951—incentive compensation is awarded by the Compensation Committee (none of whom is eligible to participate) of the Board of Directors to individually selected employees of the Company in managerial or other important positions who contribute materially to the Company's success. The amount set aside based on the Company's 1954 earnings was $13,000,000, of which $10,590,244 was allotted in 1955.

Stock Option Plan

A total of $5,202,717 was received in 1955 from the sale of 215,376 shares of previously unissued stock to holders of restricted stock options under the Company's Stock Option Plan. Of this total, $1,076,880 represented the $5 par value of the shares sold, and was added to the Common Stock account. The balance of $4,125,837 was added to Investment in Excess of Stated or Par Value of Common Stock.

The Stock Option Plan, approved by the holders of 97.8% of the shares voted at the 1953 Annual Meeting, provides for the granting of restricted stock options to key employees. The option price is market value on the date of grant, so there is no benefit to the option holder unless the market price of the stock increases, which benefits all share owners. This acts as incentive for the employee to use his best efforts on behalf of the Company. As inducement to remain in the service of the Company, options may not be exercised immediately, but only in annual installments (over a period generally of nine or ten years), which mature as the individual remains in the employ of the Company.

Additional restricted stock options for purchase of 701,227 shares of the Company's common stock were granted on November 18, 1955, at the closing market price of $52¼ a share. Of 4,200,000 shares which the share owners authorized for use under the Plan, 603,593 were unallotted at the close of 1955. Shares under option totaling 338,212 had been purchased in 1954 and 1955, and options for 3,258,195 shares were outstanding at the end of 1955. These outstanding options were held by 948 individuals. In submitting the Plan to share owners, it was estimated that between 700 and 1,200 key employees would eventually participate in the Plan. A summary of 1955 transactions is shown below:

			Shares under option outstanding at December 31, 1955		
Option price	*Year of grant*	*Net* original grants*	*Installments not yet matured*	*Matured installments as yet unpurchased*	*Shares purchased in 1955*
$23¾	1953	1,477,917	1,146,702	99,834	145,488
24⅙	1953	797,340	625,206	68,107	67,084
45	1954	619,923	548,254	68,865	2,804
52¼	1955	701,227	701,227	None matured	—
		3,596,407	3,021,389	236,806	215,376

* *After deducting terminations of 77,882 shares because of deaths, retirements and withdrawals.*

GENERAL ELECTRIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	1955	1954*	1953
Cash	$ 69,720,546	$ 43,146,568	$ 58,532,010
Marketable securities (Note 2)	46,399,795	263,927,754	376,596,084
Receivables, less reserves (Note 4)	444,392,784	368,812,759	402,912,926
Inventories, less reserves (Note 3)	472,314,209	488,596,112	641,493,268
	1,032,827,334	1,164,483,193	1,479,534,288
Less: Progress collections on contracts	*149,481,463*	*267,962,616*	*389,395,792*
Price adjustments accrued	*54,111,296*	*16,216,454*	*87,387,321*
Total current assets	829,234,575	880,304,123	1,002,751,175
Investments, less reserve (Note 4)	237,016,247	210,660,727	172,246,973
Plant and equipment, less accumulated depreciation	584,786,984	525,189,253	449,750,547
Other assets (Note 5)	76,515,513	74,025,835	71,840,041
Total assets	1,727,553,319	1,690,179,938	1,696,588,736
Accounts payable (Note 4)	111,258,978	126,752,348	105,263,020
Dividends payable	42,975,790	34,236,722	28,576,054
Federal, state and local taxes accrued	204,001,363	236,287,507	358,049,353
Other costs and expenses accrued (Note 6)	182,681,208	172,956,773	140,476,416
Total current liabilities	540,917,339	570,233,350	632,364,843
Other liabilities (Note 5)	72,663,995	63,221,102	70,713,011
Deferred income	562,764	864,589	1,473,735
Miscellaneous reserves	44,552,160	47,606,245	59,625,132
Total liabilities and reserves	658,696,258	681,925,286	764,176,721
Excess of assets over liabilities and reserves—ownership	$1,068,857,061	$1,008,254,652	$ 932,412,015
Ownership evidenced by:			
Common stock (Note 7)	$ 434,379,970	$ 433,303,090	$ 180,287,046
Investment in excess of stated or par value of common stock (Note 8)	32,147,720	26,448,713	22,262,383
Reinvested earnings	602,329,371	548,502,849	729,862,586
Total share owners' investment	$1,068,857,061	$1,008,254,652	$ 932,412,015

*Revised (see Note 11)

CURRENT EARNINGS

CURRENT EARNINGS	1955	1954*	1953
Sales of products and services to customers	$3,095,352,063	$2,959,077,548	$3,128,127,301
Deduct: Depreciation of plant and equipment	90,963,817	79,481,810	67,269,345
All other operating costs, expenses and charges	2,665,592,376	2,521,241,424	2,631,360,609
Total operating costs, expenses and charges (Note 9)	2,756,556,193	2,600,723,234	2,698,629,954
Income from operations	338,795,870	358,354,314	429,497,347
Add: Dividends and interest from nonconsolidated affiliates	14,096,728	12,560,501	11,719,027
Other sundry revenue	16,551,884	20,351,766	33,881,549
Total nonoperating income	30,648,612	32,912,267	45,600,576
Total income from operations and other sources	369,444,482	391,266,581	475,097,923
Deduct: Interest and other financial charges	520,647	653,360	870,034
Provision for Federal income taxes, and renegotiation	168,000,000	191,700,000	235,617,000
Provision for Federal excess profits taxes	——	——	72,883,000
Total deductions from income	168,520,647	192,353,360	309,370,034
Net earnings	$ 200,923,835	$ 198,913,221	$ 165,727,889
Net earnings per share	$2.32	$2.30	$1.92
Dividends declared per share	$1.70	$1.53⅓	$1.41⅔
Dividends paid per share	$1.60	$1.46⅔	$1.33⅓

REINVESTED EARNINGS

	1955	1954*	1953
Reinvested earnings at beginning of year	$ 548,502,849	$ 729,862,586	$ 671,687,296
Add: Net earnings for year	200,923,835	198,913,221	165,727,889
Undistributed earnings of nonconsolidated affiliates (Notes 4 and 10)	*1,169,683*	3,573,293	14,044,658
	748,257,001	932,349,100	851,459,843
Deduct: Dividends declared	145,927,630	131,444,387	121,597,257
Amount transferred to common stock as a result of change from stated to par value	——	252,401,864	——
	145,927,630	383,846,251	121,597,257
Reinvested earnings at end of year	$ 602,329,371	$ 548,502,849	$ 729,862,586

*Revised (see Note 11)

NOTES to financial statements

NOTE 1. Basis of Consolidation—These financial statements at December 31, 1955, represent a consolidation of the accounts of the Parent Company—General Electric—and those of the following wholly owned affiliated companies: General Electric Realty Corporation; The Mahoning Valley Steel Company; and The Maqua Company.

The accounts of other affiliated companies, a majority of whose voting stock was owned, directly or indirectly, by the Parent Company, were not consolidated because their businesses either did not involve manufacturing or were conducted outside the United States.

The financial interests of the consolidated companies in the nonconsolidated affiliates were carried on the consolidated statement of financial position as investments, on the valuation basis described in Note 4.

The net earnings of the consolidated companies reflected (a) the elimination of unrealized intercompany inventory profits; and (b) the inclusion of amounts received as dividends from, rather than the equity in the net earnings of, the nonconsolidated affiliates.

NOTE 2. Marketable Securities consisted of issues of the United States Government, state and local governments and their agencies and of high-grade short-term commercial paper, carried at the lower of amortized cost or market value on the basis of individual issues. The aggregate quoted market value of these securities was approximately the same as carrying value.

NOTE 3. Inventories at substantially all locations were verified by physical count during the latter part of the year. Inventories are carried at cost (exclusive of certain indirect manufacturing expenses) which was not in excess of market value. Cost of substantially all inventories is determined on a last-in-first-out (LIFO) basis, less reserves which (a) make provision for possible losses on inactive and excess stocks, and (b) eliminate unrealized intercompany profits. Heretofore, the inventory of tungsten was the only item valued on the last-in-first-out basis. Other inventories were priced on a first-in-first-out basis and an additional reserve was provided, which had the effect of accounting for the inventory of copper substantially in accordance with the base stock principle. The adoption of the LIFO method resulted in a charge to income of $20,271,000 on a net after-tax basis. This charge was offset by the return to income of certain inventory reserves provided in prior years which were no longer required. Additional comments on this subject appear on page 22.

NOTE 4. Investments—Carrying values of investments in nonconsolidated affiliates represented the sum of outstanding advances to, and equity in the net worth of, each nonconsolidated affiliate at the close of the year. The net worth of each nonconsolidated affiliate was determined on the same accounting basis as was employed by the consolidated companies, including (a) the elimination of unrealized intercompany profits, and (b) the application of safety factor discounts to foreign currency values.

In addition to advances made to nonconsolidated affiliates included in investments, there were also amounts due on open account included in Receivables totaling $57,970,288, $54,730,167, and $54,078,578 at the end of 1955, 1954, and 1953 respectively.

Amounts due to nonconsolidated affiliates included in Accounts Payable totaled $3,261,744, $4,078,458, and $3,923,367 at December 31, 1955, 1954, and 1953.

Borrowings by domestic nonconsolidated affiliates from outside sources as of December 31, 1955, amounted to $155,299,500 borrowed by General Electric Credit Corporation and $85,550,000 by General Electric Distributing Corporation.

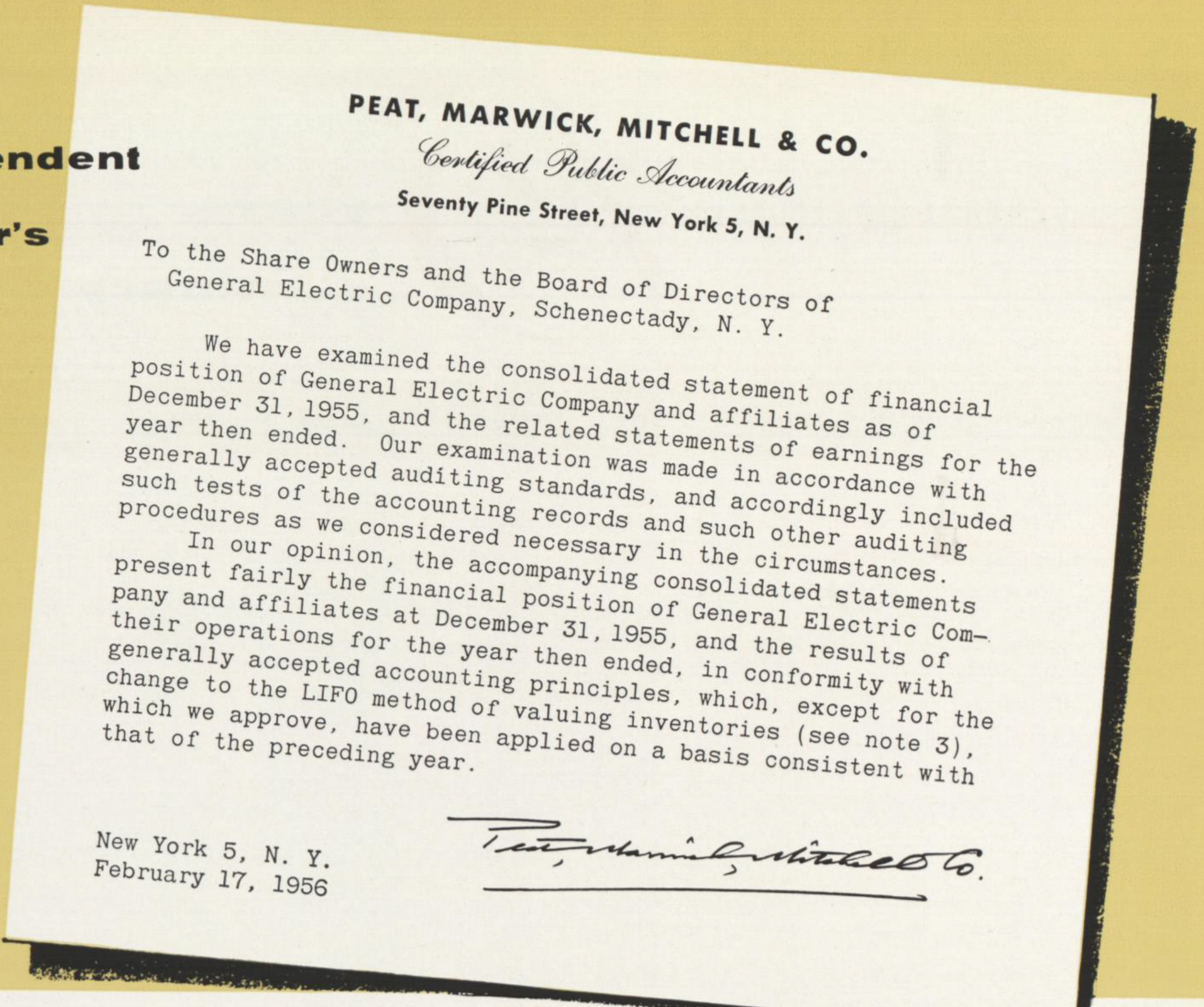
Investment in General Electric Common Stock represented the cost of 577,947 shares held for corporate purposes on December 31, 1955, the aggregate quoted market value of which was $33,376,439.

Miscellaneous securities were valued at cost except for certain investments which were written off some years ago as war losses and have subsequently been recovered in part. On December 31, 1955, their estimated market or fair value was $32,434,307.

DETAILS OF INVESTMENTS

	December 31		
	1955	1954	1953
Nonconsolidated Affiliated Companies:			
Canadian General Electric Company, Ltd.	$ 69,884,339	$ 58,785,602	$ 52,032,888
General Electric Credit Corporation	97,082,398	75,513,308	61,552,341
General Electric Distributing Corporation	22,990,463	26,931,078	28,004,817
Others	29,486,264	27,911,472	23,142,970
General Electric Company common stock	16,498,604	23,801,029	9,626,859
Miscellaneous securities	8,574,179	5,218,238	5,387,098
	$244,516,247	$218,160,727	$179,746,973
Reserve for investments	*7,500,000*	*7,500,000*	*7,500,000*
	$237,016,247	$210,660,727	$172,246,973

Independent Auditor's Report



PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
Seventy Pine Street, New York 5, N. Y.

To the Share Owners and the Board of Directors of
General Electric Company, Schenectady, N. Y.

We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1955, and the related statements of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1955, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles, which, except for the change to the LIFO method of valuing inventories (see note 3), which we approve, have been applied on a basis consistent with that of the preceding year.

New York 5, N. Y.
February 17, 1956

Peat, Marwick, Mitchell & Co.

NOTE 5. Special Funds—Other assets and other liabilities included assets of, and liabilities for, the following special funds:

	December 31		
	1955	1954	1953
Fund for payments under U.S. Government contracts	$ 8,907,396	$ 8,742,192	$12,203,984
Employee benefit plans and taxes withheld	38,437,973	31,987,430	33,037,167
Total special funds	$47,345,369	$40,729,622	$45,241,151

NOTE 6. Other costs and expenses accrued included liabilities for payrolls, payments to the General Electric Pension Trust, replacement guarantees, etc.

NOTE 7. Common stock—Amounts shown for common stock at December 31, 1955 and 1954, represented the par value of 86,875,994 and 86,660,618 issued shares, respectively, of the Company's $5 par value common stock, and at December 31, 1953, represented the stated value of 28,845,927.36 issued no par value shares. Authorized common stock totaled 105,000,000 shares of $5 par value stock at the end of 1955 and 1954, and 35,000,000 shares of no par value stock at the close of 1953. Details of changes in the Company's common stock during 1955 are presented on page 25.

NOTE 8. Investment in excess of stated or par value of common stock represented profits realized on treasury stock disposed of and the premiums received on original sales of common stock.

NOTE 9. Operating costs, expenses and charges exclude all costs, expenses and charges applicable to atomic projects operated for the U.S. Government at Hanford, Wash., and Schenectady, N. Y.

NOTE 10. Undistributed earnings represented the difference between the equity (as determined on the basis described in Note 4) of the consolidated companies in the net earnings or losses of, and the dividends from, the nonconsolidated affiliates.

NOTE 11. Revised statements for 1954 were adjusted for the retroactive repeal in 1955 of Section 462 of the Internal Revenue Code of 1954. Net earnings were reduced by $13,700,000, representing the additional 1954 provision for Federal income taxes and renegotiation. In addition, undistributed earnings of nonconsolidated affiliates (credited to reinvested earnings) were reduced by $1,800,000.

GENERAL ELECTRIC 15 year summary

Dollar Amounts in Millions	1955	1954 (a)	1953	1952	1951	1950
Sales to customers	**$3,095.4**	$2,959.0	$3,128.1	$2,623.8	$2,319.3	$1,960.4
Nonoperating income	**30.6**	32.9	45.6	28.5	21.9	28.9
Employee compensation and benefits (b)	**1,199.6**	1,119.9	1,146.7	975.0	870.5	695.9
Materials, supplies, etc. (c)	**1,466.0**	1,401.2	1,484.6	1,201.7	998.6	867.0
Depreciation charges (d)	**91.0**	79.5	67.3	59.7	56.5	51.2
Interest and financial charges	**0.5**	0.7	0.9	0.2	—	4.8
Federal taxes on income, and renegotiation (e)	**168.0**	191.7	308.5	264.0	277.5	197.0
Net earnings	**200.9**	198.9	165.7	151.7	138.1	173.4
Dividends declared	**145.9**	131.4	121.6	85.9	85.9	97.1
Total earnings of employees (f)	**1,108.4**	1,005.7	1,050.8	885.6	842.3	642.3
Average number of employees (f)	**214,794**	210,151	222,070	206,059	201,703	174,758
Capital invested (g)	**$1,068.9**	$1,008.3	$932.4	$872.9	$788.4	$702.9
Average number of share owners	**338,563**	277,047	247,944	252,837	252,993	249,530
Product price index (h)	**115**	119	118	114	114	103
Plant expenditures	**$152.8**	$158.8	$141.0	$123.1	$102.2	$58.2
Provision for all taxes (e)	**271.9**	283.4	422.5	360.0	402.6	299.4
Notes payable December 31	**—**	—	—	—	—	—
Earnings as a % of sales	**6.5%**	6.7%	5.3%	5.8%	6.0%	8.8%
Earned on capital invested (i)	**18.8%**	19.7%	17.8%	17.4%	17.5%	25.2%

(a) Certain 1954 data have been revised. See Note 11, page 29.

(b) Excludes compensation applicable to inventories at year end, that chargeable to capital projects, and that applicable to atomic projects at Hanford, Wash., and Schenectady, N. Y. Includes pensions, insurance and all other employee benefits.

(c) Includes all other applicable costs, expenses and charges.

(d) Amortization charges, if any, are included. The 1945 charges also include the previously unamortized balance of the cost of emergency facilities remaining at the end of World War II.

(e) Amounts shown cover provision for taxes applicable to operations for the year, less claims for refunds of taxes on income for prior years and estimated postwar refunds of excess profits taxes.

1949	1948	1947	1946	1945	1944	1943	1942	1941
$1,613.6	$1,632.7	$1,330.8	$768.9	$1,378.3	$1,447.1	$1,377.2	$964.5	$744.1
20.2	18.8	16.7	13.4	9.7	16.3	10.1	11.1	13.0
649.6	659.9	554.4	397.4	475.0	534.2	536.2	410.9	265.9
728.2	730.5	599.4	340.2	716.7	696.9	633.3	372.1	278.7
47.5	38.3	28.3	21.5	43.6	28.0	27.1	26.3	23.5
4.9	5.3	5.3	1.3	0.6	0.8	1.3	1.1	1.4
78.0	93.7	64.8	21.1	93.1	150.0	141.2	120.9	130.9
125.6	123.8	95.3	43.0	59.0	53.5	48.2	44.3	56.7
71.0	51.4	46.1	46.1	46.1	40.3	40.3	40.3	50.4
570.9	625.1	537.4	404.7	433.9	497.2	506.0	410.7	278.6
170,492	187,848	179,846	159,435	161,822	180,018	184,445	151,644	121,326
$761.5	$734.8	$632.8	$578.7	$380.7	$368.1	$357.9	$347.8	$337.5
250,562	249,311	249,351	246,013	238,975	232,925	226,386	220,504	217,398
101	101	98	82	(h)	(h)	(h)	(h)	(h)
$60.9	$103.9	$102.0	$99.8	$41.1	$13.3	$14.9	$31.7	$45.2
152.1	173.7	129.4	17.7	126.9	191.1	175.0	154.2	159.5
144.5	177.1	202.4	202.9	3.4	4.1	5.1	5.1	5.7
7.8%	7.6%	7.2%	5.6%	4.3%	3.7%	3.5%	4.6%	7.6%
17.0%	17.5%	15.8%	7.6%	15.6%	14.6%	13.5%	12.8%	16.9%

(f) These data cover employees on the payroll and their total earnings for the year, excluding applicable pensions, insurance and other employee benefits and excluding 11,393 employees with 1955 earnings of $69,133,773 at atomic projects operated for the U.S. Government at Hanford, Wash., and Schenectady, N. Y.

(g) Total share owners' investment (ownership) plus long-term debt or notes payable as of December 31 each year.

(h) Index numbers 1947-1949 = 100. Data for 1941-1945 were omitted because production was largely for war purposes.

(i) Consolidated net earnings for the year—before interest on money borrowed during the years 1946 to 1950—in relation to capital invested at the close of the year.

Broadening public understanding of Company progress

THE new products and developments described in this Annual Report will not come into use automatically. The public must be told about them and persuaded to buy them. Extensive advertising and information programs in all media—newspapers, magazines, radio and television—are a part of each Product Department's regular marketing. Current television programs sponsored by the Product Departments include the following:

WARNER BROS. PRESENTS—*informing the public about the Company's radio and television receivers, automatic blankets, electric housewares and fans. ABC, Tuesdays, 7:30 p.m. EST.*

20th CENTURY-FOX HOUR—*home laundry equipment, refrigerators, vacuum cleaners and other products listed above. CBS, Wednesdays, 10:00 p.m. EST.*

MEDIC—*lamps. NBC, Mondays, 9:00 p.m. EST.*

OZZIE and HARRIET—*Hotpoint appliances. ABC, Fridays, 8:00 p.m. EST.*

SHOWTIME—*products of Canadian General Electric, Ltd. Canadian Broadcasting Co., Sundays, 9:30 p.m.*

In addition, General Electric believes that the public should be kept informed about the progress made by the Company in all its many fields of activity. To this end, each Product Department places emphasis on continuous communication with the public in its local community, and from a national standpoint the Company as a whole sponsors the **GENERAL ELECTRIC THEATER** on television each Sunday night on CBS, 9 p.m. EST. Approximately 32,000,000 people each week view this program whose Progress Reports point out General Electric's aim of being a good corporate citizen, serving the balanced best interests of customers, share owners, employees, suppliers and the public.

NEW AUTOMATIC
G-E KITCHEN CENTER
cooks food - flushes food waste - washes dishes
-even cleans and dries clothes
GENERAL

PUBLIC DEMAND for new products resulting from General Electric research and development is broadened through the use of national advertising. Among the new products currently being featured in the Company's advertising is the Kitchen Center, which combines four appliances in one 9½-foot unit.

GENERAL ELECTRIC THEATER CBS, Sundays, 9 p.m. EST, is one of the nation's most popular television programs. Shown here is Ronald Reagan, program supervisor, starring with Francis L. Sullivan in "The Bounty Court Martial."

BOARD OF DIRECTORS

S. SLOAN COLT
Chairman of the Board
and Director
Bankers Trust Company
New York, N. Y.
A Director for 16 years

RALPH J. CORDINER
President
General Electric Company
New York, N. Y.
A Director for 7 years

DONALD K. DAVID
Chairman of the
Executive Committee
The Ford Foundation
Osterville, Mass.
A Director for 11 years

CHARLES D. DICKEY
Chairman of the Executive
Committee and Director
J. P. Morgan & Co.,
Incorporated
New York, N. Y.
A Director for 15 years

HENRY FORD II
President and Director
Ford Motor Company
Dearborn, Mich.
Elected a Director
June 24, 1955

G. PEABODY GARDNER
Trustee
Boston, Mass.
A Director for 17 years

FRANCIS L. HIGGINSON
Vice President and Director
Lee Higginson Corporation
Boston, Mass.
A Director for 36 years

JOHN HOLMES
Chairman of the Board
and Director
Swift & Company
Chicago, Ill.
A Director for 7 years

GILBERT W. HUMPHREY
Vice President and Director
M. A. Hanna Company
Cleveland, Ohio
Elected a Director,
June 24, 1955

GEORGE H. LOVE
President and Director
Pittsburgh Consolidation
Coal Company
Pittsburgh, Pa.
A Director for 6 years

THOMAS B. McCABE
President and Director
Scott Paper Company
Chester, Pa.
A Director for 4 years

NEIL H. McELROY
President and Director
The Procter & Gamble
Company
Cincinnati, Ohio
A Director for 6 years

GEORGE G. MONTGOMERY
President and Director
Kern County Land Company
San Francisco, Calif.
A Director for 8 years

HENRY S. MORGAN
Partner
Morgan Stanley & Company
New York, N. Y.
A Director for 16 years

PHILIP D. REED
Chairman of the Board
General Electric Company
New York, N. Y.
A Director for 16 years

SIDNEY J. WEINBERG
Partner
Goldman, Sachs & Company
New York, N. Y.
A Director for 11 years

LEWIS B. WILLIAMS
Chairman of the Board
and Director
The National City Bank
of Cleveland
Cleveland, Ohio
A Director for 21 years

ROBERT W. WOODRUFF
Chairman of the
Finance Committee
and Director
The Coca-Cola Company
Atlanta, Ga.
A Director for 8 years

OFFICERS

PRESIDENT

RALPH J. CORDINER

CHAIRMAN OF THE BOARD

PHILIP D. REED

EXECUTIVE VICE PRESIDENTS

JOHN W. BELANGER
HENRY V. ERBEN
ROY W. JOHNSON
CRAMER W. LaPIERRE*
ROBERT PAXTON

VICE PRESIDENTS

WALTER R. G. BAKER
FRED J. BORCH
LEMUEL R. BOULWARE
GEORGE E. BURENS
JAMES M. CRAWFORD
ROBERT L. GIBSON
W. ROGERS HEROD
CLARENCE H. LINDER
RAY H. LUEBBE
HAROLD A. MacKINNON
FRANCIS K. McCUNE
DONALD L. MILLHAM
WILLIAM V. O'BRIEN
CHARLES R. PRITCHARD*
CHARLES K. RIEGER
WILLARD H. SAHLOFF
HAROLD F. SMIDDY
HAROLD E. STRANG
C. GUY SUITS
ARTHUR F. VINSON
GLENN B. WARREN
WILLIAM C. WICHMAN

COMPTROLLER

GERALD L. PHILLIPPE

TREASURER

JOHN D. LOCKTON

SECRETARY

RAY H. LUEBBE

COMMERCIAL VICE PRESIDENTS

Region
CLAUDE J. HENDON • Southeastern
GEORGE L. IRVINE • Central
SAMUEL LITTLEJOHN • East Central
WILLIAM A. MANN • Mid-states
HAROLD A. OLSON • Northeastern
WARDE B. STRINGHAM • Atlantic
CLARENCE C. WALKER • Western

---

*ELECTED FEBRUARY 24, 1956

The cover photographs show creative people at work in some of the Company's laboratories whose developments assure progress and high quality for the products of General Electric.

X-RAY DEVELOPMENT is conducted at the laboratories of the X-Ray Department, Milwaukee, Wis. Employee above is plating the television tube for new x-ray image-intensification system developed for industry.

NEW PLASTICS MATERIALS (below) from the Company's Chemical Product Development Laboratories, Pittsfield, Mass. These plastic radio cabinets were made from new chemicals which the chemist at left is synthesizing.

LAMP DEVELOPMENT at laboratories of the Lamp Division, Nela Park, Cleveland, O., is pictured above. New fluorescent lamps in more appealing colors have resulted from research in phosphor materials.